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FINANCIAL TIMES

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MARKET SUMMARY

Plus in Gilts and equities
Wage veto
hting

Equities gained ground in light trading. The FT 30-share index was 3.9 up at 356.3 while the FT-Aequities All-Share index was 0.9 per cent. higher at 146.04.

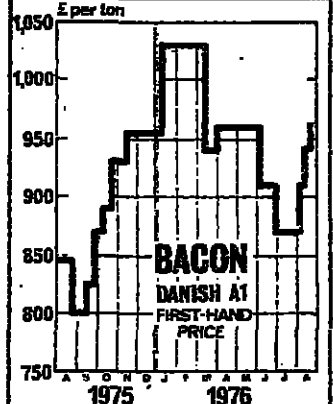
GILTS advanced for the first time in seven trading days, with gains to 1 and occasionally more in shorts. The Government Securities index was 0.05 up at 61.32.

STERLING gained 15 points to \$1.7720; its weighted depreciation widened to 39.7 (39.6) per cent. The dollar's widened to 2.24 (2.19) per cent.

WALL STREET closed 10.39 down at 960.44 on lack of support.

GOLD gained \$1 to \$104.

DANISH BACON price was raised £20 to £960 a tonne.



arms
United Nations, Dr. Waldheim, secretary, aided his voice to the of dissatisfaction over Africa's independence.

South Africa
Lusaka, President of Zambia, opening the tute for Namibia, said for a peaceful settle southern Africa had gone only armed struggle.

st bans
High Court judge banned five men from a pop festival at the Broad Oak in Kent, already at the site said it would go ahead. He at least 500 people prepared to take over banned five this week.

st deaths
Passmore, father of a Orange Order leader, a week after gunmen in his home, in an off-duty police, 1.20, died after being hit by bullets while his car. Dublin.

ic cheats
confirmed the of 'bomber' muscle-anabolic steroid drugs prelate Olympic weight-lifting. A Bulgarian, gold medal winner, national Olympic Committee, although its net loss for 1975-76 was £16.3m. There was a £2.3m. loss on Concorde in the first two months of operation. Back Page and Lex.

et making
Barre, the new me Minister, began as over the composi Government with that Gaullists would the important posts. Sample Page 4.

ve know
Amin of Uganda said that the drought was of punishing Britain. Indexes.

COMPANIES
ASSOCIATED PORTLAND Cement Manufacturers first-half pre-tax profit rose to £24.2m. (£19.1m.) on increased turnover of £158.5m. (£134.9m.). Page 16 and Lex.

VOLVO GROUP first-half sales rose 16 per cent to Kr.7.3bn. (£0.93bn.). Unaudited pre-tax profit was 22 per cent. ahead at Kr.348m. (£43.2m.). Page 15.

'RICE CHANGES YESTERDAY

Indicated	Reckitt & Colman	327 + 4
1977	Moran Tea	130 + 12
140 + 8	BP	563 + 5
71 + 3	Shell Transport	328 + 4
162 + 4	West's Net Resources	75 + 5
75 + 6	Anglo American Cpn	200 + 12
4 Wilcox	Blyvoor	283 + 45
206 + 4	De Beers Dfd	198 + 8
76 + 4	Hartbeest	600 + 32
318 + 6	Pot. Platinum	215 + 6
40 + 10	Randfontein	212 + 12
185 + 15	Roan Cons.	140 + 10
481 + 21	Cater Ryder	210 - 10
71 + 3	Decca	194 - 6
205 + 5	Lloyd (F. H.)	63 - 34
115 + 5	Pride and Clarke	89 - 4
134 + 6	Standard Chart	330 - 13

Bernhard to resign his posts in wake of Lockheed report

BY REGINALD DALE, THE HAGUE, August 26

The Netherlands was shaken to-night by the news that Prince Bernhard had acted in "a completely unacceptable manner" in his relations with the Lockheed Aircraft Corporation and is to resign from all his functions connected with the Dutch armed forces, as well as cease his numerous business activities.

The report of the Government three-man Donner Commission, finds it difficult to believe his explanation.

The Prince has always denied that he received any money. The results of the inquiry, announced by Mr. Joop den Uyl, the Socialist Prime Minister, must cause great uncertainty over the future of the Dutch monarchy and particularly of the enormously popular 67-year-old Queen Juliana.

The Government is hoping that the Queen will not carry out an earlier threat to abdicate if the reports were not to clear her husband's name, and Mr. den Uyl appealed to Parliament and the country to take "an unbiased view". This would strengthen and support the Queen as she continued to perform her duties, he told Parliament, which is to debate the whole affair on Monday afternoon.

Mr. den Uyl strongly hinted that the Queen would have had to go in the event of a decision to begin criminal proceedings against the Prince. But he argued that no such proceedings should be started as it was highly uncertain "whether a criminal investigation would finally yield a case that could be brought to court."

His statement aroused speculation that the Government had undertaken not to pursue the matter further in exchange for an understanding that the Queen would not step down immediately.

The Commission said the Prince, "in the conviction that his position was unassailable and his judgment was not to be influenced, originally entered much too lightly into transactions that were bound to create the impression that he was susceptible to favours."

Later he showed himself open to dishonourable requests and offers. Finally, he allowed himself to be tempted to take initiatives which were completely unacceptable and which were bound to place himself and the Netherlands procurement policy in the eyes of Lockheed—and it must now be added, also in the eyes of others—in a dubious light.

The Prince's resignation is resigning include that of Inspector General of the Dutch Armed Forces and his membership of the General Defence Council. His business interests include honorary directorships of KLM, the Dutch national airline, the FVW-Fokker Aircraft.

Continued on Back Page
Report's conclusions Page 4

Herstatt Bank's top men arrested

BY GUY HAWTIN

FRANKFURT, August 26.

West German police to-day arrested eight former executives of the Herstatt Bank, which collapsed in June 1974, with losses of DM1.2bn. (£268m.). Although the arrests came as something of a surprise, they followed an investigation which has dragged on for more than two years.

The list of those held reads like a roll call of the bank's top management. Heading it is the former chief of the concern, Herr Iwan D. Herstatt, and chief foreign exchange dealer Herr Dany Dattel.

Also arrested were Herr Bernhard Graf von der Goltz, the bank's chief representative, Herr Heinz Heiderich, who headed the foreign department, and Herr Kurt Wickel, chief money broker, as well as three other employees named Arben, Blaesser and Heinen.

The announcement of the arrests came in a terse statement from the Cologne Public Prosecutor's office. No indication was given as to whether the men have been charged with any offences.

State aid plan for parties under attack

BY RICHARD EVANS, LOBBY EDITOR

A NOVEL FORM of State

subsidy for political parties, recommended to the Government by an independent committee yesterday, ran into an immediate barrage of criticism from a wide range of political opinion.

While the Labour and Liberal parties welcomed the proposals in principle, opposition from the Conservatives, the Nationalist parties, the Ulster Unionists and Left-wing Labour MPs cast grave doubts on prospects for legislation in the current Parliament.

Chances of implementing the scheme, which is aimed at making the major parties less dependent on their traditional sources of finance, is further weakened by a deep split in the committee, which was chaired by Lord Houghton, former chairman of the Parliamentary Labour Party.

Four of the 12 members drafted a minority report condemning State aid as a threat to Britain's essentially voluntary system of party politics.

The majority recommendation of the committee is that aid averaging £2m. a year should be made available to political parties in two forms.

First, party headquarters would receive an annual Exchequer grant on the basis of 5p for each vote cast at the previous General Election.

To qualify, a party must have saved the deposits of its candidates in at least six constituencies, had at least two of its candidates returned as MPs, or got one candidate into Parliament and received as a party a total of not less than 150,000 votes.

Second, at local level, the State would pay a proportion of the election expenses of Parliamentary and local government candidates, provided they received at least one-eighth of the votes cast.

Campaigning costs would then be reimbursed up to a limit of half the maximum expenses allowed.

Small price

In their minority report the four dissenting committee members argued strongly that State aid would increase public cynicism for politicians and would be considered "morally offensive" at a time of economic stringency.

Lord Thorneycroft, chairman of the Conservative Party, reaffirmed his opposition to State aid. He urged Tories to resist any legislation to implement the scheme and to refuse public funds for party political purposes.

Mr. Ron Hayward, general secretary of the Labour Party, welcomed the report, arguing that the total cost of the scheme was "a small price" to pay to preserve the country's free democratic way of life.

The split in the Labour Party was illustrated by statements from Mr. Jack Ashley, MP for Stoke, who welcomed the proposals on the grounds that it was wrong for the success of political parties to depend on the wealth of their supporters, and Left-winger Mr. Dennis Skinner, MP for Bolsover, who rejected the recommendations as costly and dangerous.

The Liberals, who would benefit greatly from the proposals, are in a dilemma over the report. While welcoming it in principle, Mr. John Pardoe admitted that there could hardly be a worse time for introducing the State aid.

Lord Houghton refused to estimate when the proposals would become law but argued that there was no reason why parties who did not want to accept State help should have the power to veto it for those who did.

Drought: jobs threat and more water cuts

BY OUR INDUSTRIAL STAFF

A THREAT of widespread redundancies in South Wales, if water supplies to industry are cut by 50 per cent. next month, came yesterday as plans for tougher restrictions were announced elsewhere in the country.

As many as a quarter of companies in South Wales will be forced to lay off workers if water supplies are halved, according to a Confederation of British Industry survey released yesterday as Mr. Denis Howell, Minister in charge of drought measures, met Welsh industry and union leaders in Cardiff.

In London, the Thames Water Authority announced that emergency water regulations are to be applied in its area from a week to-day.

The authority calls Friday, September 3, "Switch Off Day". The regulations, which are being promulgated to-day through Press advertising, will ban the use of water for maintaining parks, playing fields sports grounds, for the cleaning of buildings and for car washes.

The use of fresh water for lawns, gardens, fountains and private swimming pools will also be banned.

The authority is concerned about the dwindling water of the Thames. Near Oxford the water flow has reversed because of the low level.

The river is leaking through its bed and banks along a four-mile stretch to the east of Oxford because the water table has fallen.

At least 15m. gallons a day are escaping between Eynsham Lock and Day's Lock, reducing the volume of water reaching the authority's intakes for west London.

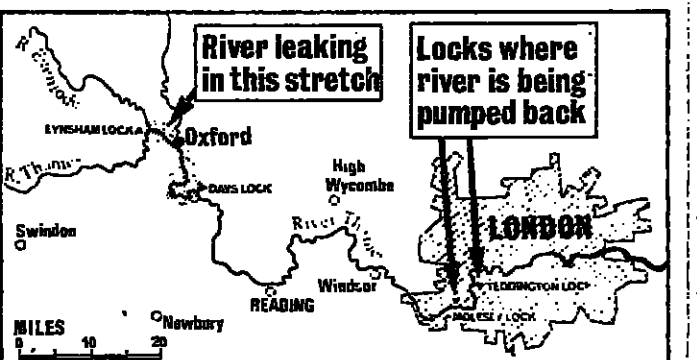
The leaking river is a cause for concern rather than alarm, said Mr. Howell.

The Minister appealed to the 12m. consumers served by Thames Water, the largest of the regional water authorities, to cut consumption by half, or face rationing by October.

Meanwhile, the Anglian Water Authority, with 4.5m. consumers in an area between the Humber and the Thames, is seeking powers to cut off water supplies between 6 p.m. and 8 p.m. daily in the Peterborough, Northants, Bedford and Lincolnshire districts. This is a precautionary measure in case the situation worsens.

The September long-range weather forecast gives no joy to anyone hoping for rain, according to Lord Nugent, chairman of the National Water Council, who said last night that he had a preview of the forecast at the Meteorological Office headquarters at Bracknell, Berks. The forecast, to be published next week, is expected to indicate that the high-pressure system over western Europe, which has been maintaining the hot dry weather, will persist for at least part of next month.

Welsh CBI and other developments Page 7



Lloyd's turning away business

BY ERIC SHORT

LLOYD'S of London is turning away insurance business because of a shortage of capacity among non-marine syndicates. Mr. E. B. Edmunds, chairman of Lloyd's Underwriters Non-Marine Association, said yesterday.

The 1975 underwriting results, announced yesterday, show a profit of £109m. — a record for the third year in a row.

Mr. Edmunds explained that "a shortage of capacity" meant that Lloyd's syndicates did not have sufficient asset backing to accept all the non-marine insurance business they were being offered. The maximum premium

a syndicate can accept is related to its total assets. Individual members of a syndicate put up a given sum of assets. The only way of expanding the total "capacity" of Lloyd's is either for individual members to increase their stake or for syndicates to seek new members.

As a result of the shortage of capacity, Lloyd's has been underwriting a much lower proportion of the risks being offered than it would normally, rather than turn down the risk altogether, although this has happened on occasion.

Premium income has been expanding rapidly on the non-marine side for a number of reasons. Mr. Edmunds stated that a considerable amount of North American business lost to local insurers in the premium rate competition of two or three years ago, was returning to Lloyd's at realistic rates of premium.

Inflation automatically increased premium income and the weakness of sterling meant that dollar premiums were worth more in pounds, thus pushing

Continued on Back Page

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16	Prop. Sec. Invest.
17	Thorn Electrical
23	S. W. Wood
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3	AKZO NV
14	Assd. Port. Cement
20	Base London's Rates
21	World Value of \$
14	Bank of America

For latest Share Index: phone 01-246 8025

2 LOMBARD

Think Tank v. the NEB

BY GEOFFREY OWEN

SIR HAROLD WILSON always had a soft spot for the Industrial Reorganisation Corporation (whose achievements he was inclined to exaggerate) and he envisaged that the National Enterprise Board would carry on the I.R.C.'s good work. The White Paper on the NEB said that the new agency would, among other things, "build on and enlarge the activities previously discharged by the I.R.C." The Industry Act 1975 specified as one of the NEB's functions "promoting or assisting the reorganisation of an industry." Yet, despite all this, industrial reorganisation has played no role whatever in the NEB's activities so far.

To some extent this reflects the fact that "structural" solutions to industry's problems, which were fashionable at the time when the I.R.C. was set up, have been largely discredited; the motor industry and scientific instruments are two examples where I.R.C.-promoted mergers went wrong. But what is surprising is that even where there clearly is a structural problem which needs attention, no one seems to think of asking the NEB to look into it. The "Think Tank" of all unlikely bodies, was asked to look at the problems of the boiler and turbo-generator industries; it is now beavering away at the problem, with the aid of outside consultants.

Dissipated

The heavy electrical industry was one of the I.R.C.'s main preoccupations (it helped to reduce the number of turbo-generator makers to two—Reyrolle Parsons and GEC), but such expertise as it acquired was, of course, dissipated when the Heath Government closed the organisation down. The I.R.C.'s forte lay not in producing long, carefully-researched reports (like the "Think Tank" report on the motor industry), but in getting things done. The NEB "takes much the same line. One would have thought it was precisely this sort of approach which was needed in the boiler and turbo-generator industries.

The facts of the situation are not in much dispute. The report ordered to much plant in the early sixties; no new power stations are required for a number of years; even on the most favourable assumptions about export orders capacity in the U.K. is too great and will have to be reduced. The practical problem is how to achieve the necessary rationalisation with NEB. It seems the least possible damage to the employees and the companies NEB's functions is being involved. In the end the companies—management and unions—will have to find a solution. Just possibly an I.R.C./NEB type of body might have been able to help.

As it is, the events of the next few months can be imagined all too easily. There will be intense speculation as to the contents of the "Think Tank" report; there will be leaks and counter-leaks; there will be arguments about whether the report should be published and, if so, how much should be deleted. Hints of factory closures will prompt cries of "de-industrialisation" in the House of Commons while Ministers wrestle with the issues.

Sympathetic

Yet what can the Government do? The only substantial assistance it could provide would be to force the C.E.G.B. to order power stations which it does not want. This would have the effect of postponing, at great cost to the taxpayer, a reduction in capacity which will have to take place eventually and tying up resources which could be used more productively elsewhere. Whether the Government will take such a step remains to be seen, but the pressure on Ministers to do so will be very strong.

It is all part of an atmosphere in which every industrial problem tends to get elevated into a national crisis. When it arises, the first reaction of many businessmen and union officials is to run to Whitehall, where they can be assured certainly of a sympathetic hearing and quite possibly the appointment of consultants to look into the matter. Since usually nothing can be done, the result is to engender a sense of bitterness and misunderstanding that would have been caused by a polite refusal of the initial approach.

No one supposes that I.R.C./NEB can be immune to political and employment pressures or is not in much dispute. The report ordered to much plant in the early sixties; no new power stations are required for a number of years; even on the most favourable assumptions about export orders capacity in the U.K. is too great and will have to be reduced. The practical problem is how to achieve the necessary rationalisation with NEB. It seems the least possible damage to the employees and the companies NEB's functions is being involved. In the end the companies—management and unions—will have to find a solution. Just possibly an I.R.C./NEB type of body might have been able to help.

CRICKET: PRUDENTIAL TROPHY BY TREVOR BAILEY

West Indies a cut above England

THE WEST INDIES, as expected, proved too strong for England in the first of the Prudential one-day internationals which they won in the first over with a six by King and only four wickets down.

They had the faster and more penetrative bowling and Richards, who was rightly adjudged man of the match, followed by the most impressive of the innings between Barlow and Gooch, whom the future of English batting could so easily depend upon.

Gooch was bowled by Roberts at 136 and Botham failed to settle, but Knott then joined Barlow in a bright if somewhat improbable partnership. They were assisted by the bowling of King and Lloyd, the least effective members of the Tourist attack, who shared the required 11 overs between them.

This stand should have ended at 176 with a run out after the ball had ricocheted from one wicket to the other with Barlow well out of his ground, but the umpire was confused and gave the batsman the benefit of the doubt. Shortly afterwards Knott was run out.

A few bold blows by Underwood took the total past 200 before he was caught off the last ball of the 55th over to give Roberts his fourth victim. This left Graham Barlow 50 not out.

Although Graham did give a couple of chances during his innings, he played very well and in addition to producing some good strokes gave the impression of confidence in his own ability.

—so often the sign of a good player. Fredericks and Greenidge set out in pursuit of 200 against the bowling of Lever and Hendricks, but were parted quickly when the former was bowled round his legs with only three runs on the board.

The newcomers, Richards and Underwood, proceeded to produce a series of superb strokes bringing up the 50 in only nine overs. The two opening bowlers were replaced by Underwood and Wood and both caused problems.

At 77 Greenidge was bowled by a ball that wobbled from Wood and Underwood, then beat Richards, the wicket and Knott to go for four byes. Ten runs later he repeated this rare feat.

A poor first over by Botham conceded ten runs and saw three figures on the board so that, when tea was taken, the West Indies were comfortably placed at 107-2 off only 22 overs, with Richards 53 not out despite having damaged a shoulder.

In his first over after the interval Lloyd was yanked by Underwood for 20, which merely served to inspire Richards to stroke a whole series of delightful boundaries.

In a desperate attempt to break through, Knott recalled Lever and Hendrick, but it made no difference. The score reached 150 in the 22nd over and shortly afterwards Richards completed a memorable century, despite losing Rowe for 10.

Final score: West Indies 205 for four; England 202 for eight in 55 overs.

RACING

BY DOMINIC WIGAN

Miss Pinkie and Lester again

NOEL MURLESS, who is to retire from training at the end of the season, has been enjoying a fine run with his juveniles in recent weeks, and one of his better ones, Miss Pinkie, looks all set to land today's Waterford Candelabra Stakes (3.15) at Goodwood.

Miss Pinkie, a well-made chestnut filly by Connaught out of Picture Light, has been improving steadily since the spring, and last time she put up a fine performance when winning the £3,000 Courage Stakes at York on Magnet Cup day.

Responding gamely to hard driving in the closing stages in that six-furlong event, this half-sister to Welsh Pagan held off Penitence and Swagger by three-quarters of a length with the remainder of the field well strung out.

Miss Pinkie is ridden as at York by Lester Pigott, whom she had earlier carried to a seven-length Sandown success. Today's seven-furlong trip, which she tackles for the first

time, should suit her ideally, and it is difficult to see her failing. She may well be chased home by Triple First, to whom she finished fourth at Sandown on her racecourse debut, or by the

GOODWOOD
1.45—Midnight Clear
2.15—Lighter***
2.45—Red Lever
3.15—Miss Pinkie**
3.45—Eastern Silk
4.15—Callibia

NEWMARKET
3.00—Prince Henham
3.30—Habehti
4.00—Jukebox Jury
4.30—Expadoe*

reported to be considerably better than his two runs would suggest. Doubt that he can cope with Triple First, to whom she followed up an uninspiring Lingfield run by defeating Communicate by 11 lengths at Folkestone.

A quarter of an hour after Miss Pinkie and her six opponents line up for the Candelabra Stakes, Newmarket racegoers have the opportunity of seeing the highly-rated Habehti once more in action. Mr. Charles St. George's Brown, Lonsdale City, a five-length winner of the Duxford Stakes here early in the month, seems sure to be long odds on for the Blue Peter Stakes (5.30).

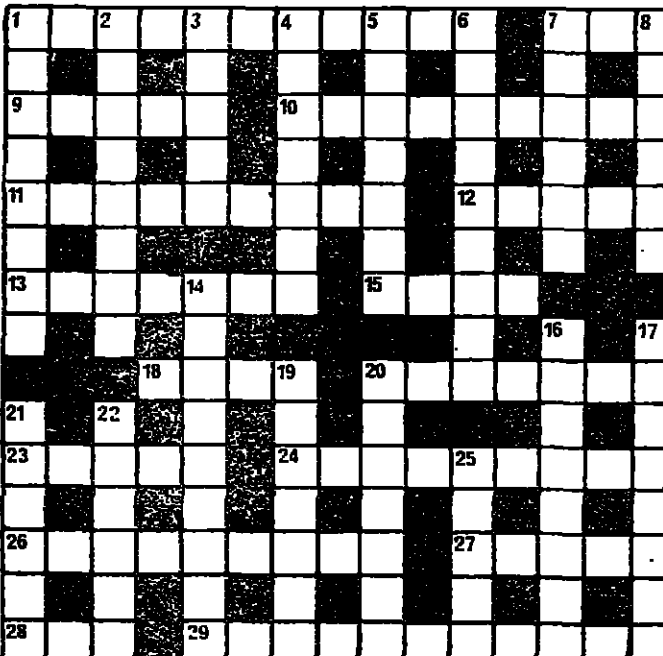
It will come as a major surprise if she cannot complete the double and go on to better times. Dick Horn, who has sound prospects of achieving a Goodwood double through Lighter and Eastern Silk, usually does well at Newmarket, and Expadoe should be another one for him in the Waverley Stakes (4.30).

TV/Radio

BBC 1

* Indicates programme in black and white.
7.05-7.55 a.m. Open University (UHF only), 9.40 Glastardly and Huttley in their flycatcher.
9.50 Jackanory. 10.05 Devlin. 10.30 Roobarb. 10.35 The Boy From Lapland. 1.00 p.m. "Meditation". 1.30 Camberwick Green. 1.45 News. 2.00 Racing. From Goodwood. 4.25 Regional News (except London). 4.25 Play School. 4.50 Why Don't You...? 5.15 Avengers of the Reef. 5.40 Magic Roundabout. 5.45 News.

F.T. CROSSWORD PUZZLE No. 3168



ACROSS

- Argument produced by conservative in the middle of change (11)
- Two notes to follow (5)
- Stick in state house (5)
- Find out, however sure (9)
- Force used to trick certain people (8)
- Corrupt practice for sailor to employ (5)
- Arman left in tree is in a sticky mess (7)
- Large-scale part of the picture (4)
- Light yellow hare skin (4)
- Preserve arm sincerely (7)
- Laughed at in outer surface (5)
- A soft friend goes to fish—it's horrid (9)
- The weapon for Sweeney Todd? (5)
- Run out to runway to rest for the night (5)
- State resistance or state of equality... (6)
- ...and the same again then sees disturbance in brackets (11)

DOWN

- Recommend a defender (8)
- Possessing mental gifts and old money (10)
- Respond to "bullets and performance" (11)
- A vessel on time is a perquisite (7)

BBC 2

6.40-7.55 a.m. Open University. 11.00 Play School. 5.00 p.m. Open University. 7.30 News. 7.40 Industrial Grand Tour. 7.50 Settle The Score. 8.30 Centre Play Showcase. 9.00 Pot Black. 9.25 Festival 40: Culloden. 10.35 "Five Red Herrings" by Dorothy L. Sayers: Part 1. 11.25 Newsnight. 11.40-11.45 Closedown: Hugh Dickson reads "Journies" by Iain Crichton Smith.

LONDON

10.00 a.m. Summer School. 10.30 Cartoon Time. 11.00 Certain Women. 11.50 Cartoon Time. 12.00 Kathy's Quiz. 12.10 p.m. Rainbow. 12.30 Tell Me Another. 1.00 First Report. 1.20 Lunchtime Today. 1.40 Crown Court. 2.00

RADIO 1

5.00 a.m. As Radio 2. 7.30 News. 8.00 a.m. Tony Blackburn. 11.00 Dave Lee Travis with the Radio 1 Roadshow. 12.00 p.m. News. 12.30 p.m. News. 1.00 p.m. News. 1.30 p.m. News. 2.00 p.m. News. 2.30 p.m. News. 3.00 p.m. News. 3.30 p.m. News. 4.00 p.m. News. 4.30 p.m. News. 5.00 p.m. News. 5.30 p.m. News. 6.00 p.m. News. 6.30 p.m. News. 7.00 p.m. News. 7.30 p.m. News. 8.00 p.m. News. 8.30 p.m. News. 9.00 p.m. News. 9.30 p.m. News. 10.00 p.m. News. 10.30 p.m. News. 11.00 p.m. News. 11.30 p.m. News. 12.00 p.m. News. 12.30 p.m. News. 1.00 p.m. News. 1.30 p.m. News. 2.00 p.m. News. 2.30 p.m. News. 3.00 p.m. News. 3.30 p.m. News. 4.00 p.m. News. 4.30 p.m. News. 5.00 p.m. News. 5.30 p.m. News. 6.00 p.m. News. 6.30 p.m. News. 7.00 p.m. News. 7.30 p.m. News. 8.00 p.m. News. 8.30 p.m. News. 9.00 p.m. News. 9.30 p.m. News. 10.00 p.m. News. 10.30 p.m. News. 11.00 p.m. News. 11.30 p.m. News. 12.00 p.m. News. 12.30 p.m. News. 1.00 p.m. News. 1.30 p.m. News. 2.00 p.m. News. 2.30 p.m. News. 3.00 p.m. 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The Financial Times Friday August 27 1976

Fringe Benefits by B. A. YOUNG

Rix is at the Whitehall, it with the world. The of his new vehicle, Peter and Donald Churchill, his trousers down early 2 by the slightly unfair of making him take part forfeit word-game, but further than most of jessors and make him shoes and socks, his and his shirt as well. Bran. "Very moving, answers when he puts his on again at the unex- turn of his wife, his of meat, Jane Brown, in us them on inside out back to front. Benefits is not exactly Jolla (Mr. Rix) and Jim Alexander, decide to wives into going for ual Torremolinos holi-

Mozart and Falla

by PAUL GRIFFITHS

and Beethoven. At such a pleasant last night's Prom, it easy to forget that the ad begun in excellent a finely tempered it Beethoven's First Sometimes this played as if Beethoven o his contemporaries. was not the manner Rafael Frubbeck de this occasion, and He took the London Orchestra through quite coolly, not mis- strange gestures and points, but allowing the slow movement of chas- they did so, and the a performance which background without its revolutionary art work which fol- the Sinfonia Concer-

Playhouse

Zima Junction

by GARRY O'CONNOR

Yertushenko's poem tion was written just a died, in 1956. The expressed are in a sian tradition: child- ory, sweeping patriotic astasy over country- ations, darkly wistful the future. Above all sweep of feeling for the historical event. The her protector had forever

est theatre

Trenchant comment

by FRANK LIPSIUS

second half of the deepest theatre went the rapid evolution that a oblique references ees of revolutionary danded with an eptemporary prob- posed to be the the- was unexpected. The eferences were made historical dramas, inessage was at no rom the surface of

Surprising and welcome as the three plays were as an approach to contemporary problems, they seemed mere harbingers for Istvan Csar's *On Location*, a play about filming a feature-length situation comedy in a lower middle-class Budapest flat. Soon after its opening the play, directed by Istvan Horvai at the Festi Theatre, closed because of illness in the cast, but then re-opened to a terrific demand for tickets. The play is not about the issues of revolution but about the small corruptions of daily life, though not even this way gives too pretentious a colouring to a play that is notable for its willingness to treat serious subjects as farce.

The first act makes a spectacle of the director's inability to inspire or cajole his cast to suppress their conference for the leading lady of the film. The historical dramas, notable for their eloquence and solemn sense of occasion, broke new ground, but *On Location* with its irreverence and open expression of frustration, represents the real new departure, one that could inspire a new era in Hungarian theatre.

Greenwich Theatre's 1976/77 programme

The 1976-77 programme at Greenwich Theatre begins with a new play by Barry Keefe, *Scribes*, starring Lawrence Hardy, to play Matlock. Keith Hack directs. The opening night is October 7. It will be followed on November 4 by Goldoni's *The Artyf Widow*, directed by Ian Watt. Smith with Diane Cilento in the lead. Opening on December 9, a revival of *Tartuffe*, with Leonard Rostler, directed by David Thompson. Through the Christmas season this will be followed by *Big Me* and the *Willing With*, twice daily for children, and a new revue, *The Great Wall*, featuring Max Well. On February 3, Siobhan McKenna will appear in David Thompson's *Sons of Oedipus*, an

Havergal Brian

centenary at Stoke

The birth 100 years ago of the composer Havergal Brian is to be marked at the Victoria Theatre, Stoke, by a play, *Ambered Cuss*, written by Brian's biographer, Kenneth Eastaugh. Brian was born at Dresden, Staffordshire, and began his musical studies

Cinema

The Tenant (N). Plaza Two Murder by Death (A) Leicester Square Theatre Thanasiss in the Land of Slaps National Film Theatre

Roman Polanski has made a specialty of frightened heroines in sinister, sprawling apartments. *Repulsion*, *Rosemary's Baby*, and now *The Tenant*. "Heroina" is not quite appropriate in the last case, perhaps, for the victim of Polanski's new film is a timid young archivist, clerk, played by the director himself, who rents a seedy Paris apartment lately vacated by a young girl who committed suicide. Why the girl killed herself—by jumping from the second-floor window—we never discover. Nor does the clerk. What rather concerns him is that he seems gradually to be taking on his predecessor's identity: first becoming a prey to the subtly evil atmosphere of the apartment, and to the oddly aggressive attitude of his neighbours; finally painting his nails, arraying himself in one of the girl's left-behind dresses, and preparing for a reprise suicide with all the histrionic aplomb of a Gloria Swanson in *Sunset Boulevard*.

The film takes a longish time to compel the audience's attention and his belief. But from the half way point at least, it is Polanski's most enthralling film since *Rosemary's Baby*, and certainly his quirkiest. After the impersonal, high studio polish of *Muchobed* and *Chinatown*, *The Tenant* carries on one's signature in Polanski's signature, in that the spider-like, grotesque crawl that doddled so inventively in films like *Cul-de-sac* and *Woy*. And the film's screenplay, written by Polanski and Gerard Brach, oscillates between horror and comedy-of-the-grotesque in a malicious, teasing way that only this director could conceivably have carried off.

The film's chief stroke of genius is Polanski's casting of himself in the main role. The director has studied the supporting cast with familiar faces: Shelley Winters as a gross and fretful concierge, Melvyn Douglas as a startled landlord, Lila Kedrova as a flat-dweller sabbily convinced that she is the target of her neighbours' irrational hatred. But it is Polanski who steals our attention: that ferret face twitching with comic apprehension in the early scenes, when each notu- rally noise he makes in his lonely apartment brings his neighbours' attention to him.

Lyceum, Edinburgh

Pal Joey

by B. A. YOUNG

This week's play at the Lyceum should have been David Storey's *Night*, in a Royal Court production. *Night*, it was said, could not be cast in time, so the Court offered another Storey piece, *Mother's Day*, shortly to be seen in Sloane Square. The Festival authorities considered that *Mother's Day* was "unsuitable" by reason of its bad language and bad situations, and what has finally turned up is an Oxford Playhouse production of *Pal Joey*.

Well, it's always a pleasure to see *Pal Joey*, with its splendid Rodgers and Hart score and a libretto by John O'Hara that says more about the sufferings of showbiz people in its nightclub scenes than *Chorus Line* says in a whole evening's song, dance and psychoanalysis. Not until Sondheim were there songs to match melody and lyric as beautifully as *Pal Joey*, bothered and bewildered. "I could write a book" or the less popular but equally skillful duet "Take him," in which Joey's rich lady protector tries to seduce him to the decent girl Linda she believes him to be in love with.

Philip Redley, the director of this production, has lately revealed himself as a connoisseur of the nostalgia of recent decades, and he has turned out a serviceable show, with serviceable decor by David Fisher and apt choreography by Eleanor Fozz. But *Pal Joey* is hardly as brash as the *Joey* in mind's eye, and he has an irritating way of inserting rallentandi at inappropriate points in his songs. But *Pal Joey* is a well-bred lady from Hertfordshire rather than the wife of a rich Chicago industrialist. But they do present the felicitous of the show acceptably, and sing those charming songs to our nostalgic satisfaction.

There is a very funny cameo by Anna Quayle as the newspaper writer, with her song about the sophisticated stripper-nice work too from Patricia Hodge as Linda, Joyce Blair as Gladys and Thelma Wilson as the blackmailing Lowell. At Oxford one would have been happy with the production, but it is not the thing for a big international festival's main theatre in the opening week, and not surprisingly the house has been a good deal less than full. Very unfair on the Oxonians, it seems to me.

Roman patchwork

by NIGEL ANDREWS

reaches out for the bottle of mineral water by his bedside only to find that it is a cardboard cut-out, the heap of frocked and gory limbs that he in the court- yard, idiosyncratically tangled, after the hero's first abortive suicide attempt.

To the casual eye Polanski still seems like a playboy of the cinema, expertly flitting with the different moods and genres that come his way, but showing no promise, or inclination, of settling down in artistic harmony with one. *The Tenant* is a bizarre patchwork of a film—part horror, part slapstick, part movie parody—and what emerges here it owes partly to Sven Nykvist's eloquently sombre colour photography, partly to Polanski's own performance with its surprising control and gentleness of touch. Film-makers who star themselves in their own movies are usually exhibiting the first signs of megalomania. In Polanski's case it looks like the first sign of a new discipline and a new tautness of comic style.

Murder by Death has a comic idea so neat that one is surprised it has not been thought of before; and sad that, thought of now, it has not been used to more inspired effect. Neil Simon's original screenplay plays the murder-mystery as a game, with the variation of having the guest list entirely composed of famous detectives. Thinly disguised by punning names (Jessica Marbles, Milo Perrier, Dick and Dora Charles- ton, etc.) the assembled sleuths are invited by their mysterious host (Truman Capote) to solve a yet- Hare Not. (Peter Falk plays a Bogartish private eye named Sam Diamond.) It's the kind of film that would probably go down well after a generous evening of winning and dining, but scene: among the stumbling blocks to the pursuit of truth being the host's own fondness for red herrings, and the knockabout below-stairs activities of Alov Guinness as a blind butler and Nancy Walker as a deaf-mute cook; at both of whom at various stages is pointed the finger of suspicion.

These two performances virtually steal the film: the possibility for failure of committing the servants' quarters being so rich that one wishes Simon had written the whole story around them. (Guinness in particular, mis-stamping envelopes, serving soup from an empty tureen and lighting a bed-room fire in the middle of the seminar) has hardly had a fruitier and more liant on a sort of eye-popping Coronets).



Roman Polanski and Isabelle Adjani in 'The Tenant'

Elsewhere, though, it's a strictly hit-or-miss affair, Maggie Smith as Dora Charleston and Peter Sellers as a pastiche Charlie Chan take the main acting honours, but otherwise the film nervously hedges its bets with inflated production values (authentic suits of armour, period paintings, porcelain, etc.) and a string of far-connoisseurs-only movie quotes from films like *Casablanca* and *To Have and Have Not*. (Peter Falk plays a Bogartish private eye named Sam Diamond.) It's the kind of film that would probably go down well after a generous evening of winning and dining, but scene: among the stumbling blocks to the pursuit of truth being the host's own fondness for red herrings, and the knockabout below-stairs activities of Alov Guinness as a blind butler and Nancy Walker as a deaf-mute cook; at both of whom at various stages is pointed the finger of suspicion.

This year's Edinburgh film festival, which by its impending absence at the Venice festival prevents me from writing about in situ, looks to be one of the most challenging and imaginatively programmed yet. Beginning this week it lasts until Saturday, September 4, and in the servants' quarters being so rich that one wishes Simon had written the whole story around them. (Guinness in particular, mis-stamping envelopes, serving soup from an empty tureen and lighting a bed-room fire in the middle of the seminar) has hardly had a fruitier and more liant on a sort of eye-popping Coronets).

the consistency with which Edinburgh has pursued its chosen favourites among film directors and film movements (women's cinema, American low-budget commercial cinema, the cinematic offspring of Roger Corman).

Among the films worth looking out for in this year's festival, if you are fortunate enough to be in or near Edinburgh, are Peter Weir's *Picnic at Hanging Rock*, Alexander Kluge's *Redo*, and the *Radical*, Stephen Dwoskin's *Central Bazaar* and Mani Kaul's *Duridha*. The last, named, a subtle and haunting Indian film, should suggest making its long-overdue appearance in London.

One country's belly laugh is another country's politely stifled yawn, and I cannot imagine that British audiences will chortle overmuch at the film which next Thursday opens the National Film Theatre's ten-day season of Greek cinema, a political comedy directed by Dinos Katsouridis and Panos Glykofrides called *Thanasiss*.

and the film's political satire is often simple to the point of offensiveness. Much better value is the NFI's four-programme tribute to the films of John and Faith Hubley: two American animators whose work in the '50s and '60s earned them a haul of Oscars and international film festival prizes. The Hubleys specialise in a kind of lunatic, multi-coloured lyricalism: the best examples of their work include *Monobird*, *Tender Game*, *The Hat* and my own favourite, *Urbanissimo*, in which a city-on- less runs distractedly about the countryside (to the accompaniment of a pulsing jazz score) devouring nature's riches and recycling them for urban consumption. The season, which is well worth a visit, begins next Wednesday and continues into the following week.

Extra performances of rock Western

Shoot Up At Elbow Creek: the rock Western presented by the Richmond Fringe Theatre, and playing at the Orange Tree, Richmond, Surrey, is to receive two additional performances at 8 p.m. and 8.30 p.m. on Saturday, September 4, and Saturday, September 11. All other evenings until September 12 (except Mondays), the show begins at 8 p.m.

Akzo nv

Registered Office at Arnhem

Report for the 1st half year 1976.

Sales for the second quarter of 1976 were 15% up on the corresponding period of 1975. Operating income was Hfl 66.9 million, compared with an operating loss of Hfl 15.0 million recorded for last year's second quarter. Nevertheless, due to disappointing developments in the chemical fiber sector, this year's second-quarter sales and income of the Group were substantially lower than anticipated. Compared with this year's first quarter, sales fell 4% and operating income for the second quarter was merely 32% of sales, versus 4.6% in the first quarter.

The Hfl 21.9 million balance of operating income and interest for the second quarter of 1976 is composed of earnings from which taxes were deducted and of losses, notably in the Netherlands and West Germany, against which no taxes could be offset. As a consequence, the amount for taxes reported for the second quarter of 1976 exceeds the balance of operating income and interest.

Sales for the first half of 1976 were 12% up on the first half of 1975. Operating income was Hfl 215.5 million, or 3.9% of sales, compared with an operating loss of Hfl 52.6 million for last year's period. Foreign exchange losses on long-term borrowings in Swiss francs reduced operating income for the first half of 1976 by Hfl 18 million. Net income for the second quarter was Hfl 3.3 million, raising net income for the first six months to Hfl 24.9 million.

In the chemical fibers product group, the revival which became apparent at the beginning of the year lost its impetus in Europe in the second quarter. The adverse effect of excess capacity in the European fiber industry was aggravated by rising imports of textiles into Western Europe. Prices failed to recover, causing continued losses, if at a lower level than in 1975. In the United States, shipments of a number of product groups showed an unexpected decrease, which was attended by declining prices. On balance, the chemical fiber sector suffered a Hfl 27 million operating loss in the second quarter.

In the chemical products sector, sales and operating income for the second quarter of 1976 improved substantially compared with last year. In the sector of pharmaceuticals, consumer products and miscellaneous products, sales for the second quarter of 1976 were again satisfactory, at a 12% higher level than last year. However, operating income remained equal.

For the first half of 1976, funds from operations totaled approximately Hfl 340 million (Hfl 30 million last year). Long-term debt remained roughly unchanged. Liquid funds at June 30, 1976 were approximately Hfl 600 million.

Capital expenditures for property, plant and equipment were about Hfl 230 million for the first half of 1976 (about Hfl 370 million last year).

At June 30, 1976, the Group's total number of employees was 63,800 (at December 31, 1975: 63,200).

The chemical fibers product group has so far failed to show signs of substantial recovery. As, in addition, allowance must be made for the usual seasonal weakness in the third quarter, net income for the whole of 1976 will fall considerably short of the original expectations.

The Board of Management



Arnhem, August 1976

	2nd quarter		1st half-year	
	1976	1975	1976	1975
in Hfl million				
Sales	2,717.7	2,354.2	5,538.6	4,867.1
Operating costs excluding depreciation	(2,494.7)	(2,242.2)	(5,120.0)	(4,557.1)
Depreciation	(125.1)	(129.0)	(268.1)	(262.4)
Operating income (loss)	65.9	(15.0)	215.5	(52.4)
Interest	(65.0)	(57.1)	(128.3)	(110.7)
Taxes on operating income and interest	21.9	(72.1)	87.2	(163.1)
Equity in earnings of non-consolidated companies	(23.9)	18.4	(62.9)	54.3
Extraordinary items	10.5	4.1	15.9	5.4
Operating income (loss)	10.5	(43.6)	42.6	(112.7)
of which minority interest	(7.2)	0.8	(17.7)	5.8
Net income (loss)	3.3	(44.0)	24.9	(108.2)
Net income (loss) per share of common stock, par value Hfl 20 per share, in guilders	0.10	(1.62)	0.83	(3.51)
Common stock	591.9	591.9	591.9	591.9

	sales		operating income (loss)	
	1976	1975	1976	1975
in Hfl million				
chemical fibers	669	891	2,016	1,711
chemical products	905	713	1,857	1,539
pharmaceuticals, consumer products and miscellaneous products	843	750	1,666	1,417
total	2,718	2,354	5,539	4,667

Copies of this report may be obtained from the London Paying Agent: Barclays Bank Limited, Securities Services Department 54, Lombard Street, London, EC3P 3AH.

PRINCE BERNHARD AND THE LOCKHEED PAYMENTS

BELOW ARE the conclusions from the Donner Report investigating the alleged bribery by Lockheed of Prince Bernhard. The report has taken six months to complete. The three members were Mr. A. M. Donner, Judge in the Court of Justice of the European Communities, Mr. M. W. Holtrop, former President of the Central Bank, and Mr. H. Peschar, Chairman of the Government's General Counting Chamber. The three men represent the three main political streams in Holland. Because of their age and experience, they have been generally referred to in Holland as "the Commission of Wise Men."

Between 1959 and 1960, the Lockheed management was very seriously considering making a gift of a Jetstar aircraft to Prince Bernhard. This had been preceded by some ten years of regular and increasingly friendly contacts between the Prince and Mr. Robert Gross, Dutch director of sales, Europe, Africa and the Middle East, and until 1963 deputy director of sales, of making Prince Bernhard a gift of a Jetstar, instead of an aircraft.

The idea of a gift of such a large sum of money was not in the context of Lockheed's relationship with the Prince and the importance of the company attached to it. The idea that the Prince was intended to remove the grievances of the Prince, Mr. Meuser, or will be under certain circumstances, the Commission has been unable to obtain an acceptable form of co-operation.

The answer to the question of whether the Prince did indeed receive the sum should therefore

be sought not so much in his relationship with Lockheed or in Lockheed's to Mr. Meuser, but rather in his own relationship with Mr. Meuser in that matter.

The Commission received the following written statement from the Prince: "Further to the discussions which have taken place between the 'Commission of Three' and myself about sums of \$1m. and \$100,000 which are said to have been paid by Lockheed in 1959 and 1960 respectively, I wish to state explicitly that I did not receive these sums, or parts of them, that I have not had them directly or indirectly at my disposal, that I do not now have them directly or indirectly at my disposal, that I do not expect to have them at my disposal in the near future."

The statement went on: "In the words 'at my disposal' I include consulting or giving instructions of whatever kind about the way in which others should use the sums named."

"The above is subject to one exception in that one person known to me (he stated later that this was Mr. Meuser) made use in consultation with me of a part amounting to about \$100,000 of the first named sum of \$1m., and this was in favour of a few mutual acquaintances who could be assumed to need financial support for social reasons. I might add that the same person told me a few days ago that he was proposing to leave a large part of his estate in his will to the World Wildlife Fund."

The Prince is president of the Fund.

The Commission heard from Mr. Meuser that the sum, except for the \$100,000 which had gone to mutual friends, had been transferred to "a number of other accounts." How and why the money should have found its way there, whether it is still there, and if so, whether the right owners are, or will be, under certain circumstances, the Commission has been unable to discover. It has been unable to obtain an acceptable form of co-operation.

from Mr. Meuser to enable it to answer these questions satisfactorily. One factor in this is the not very co-operative attitude and not always credible statements of Mr. Meuser. On the other hand, the investigation was repeatedly hampered by Prince Bernhard's poor memory, about which he himself complained.

In the second place, the Commission had an audit made of the Prince's books. The conclusion of the auditor's report was that no indication could be found in the books that any part of the money paid by Lockheed had been credited to the Prince. The possibility that nevertheless Lockheed monies could have reached the Prince or persons appointed by him without going through his books can never be completely excluded. But against this is the statement by H.R.H. reproduced above.

But the fact that the Prince has not been able to explain the origin of a sum of \$62,000 in his accounts impairs the validity of

the possible procurement of the P-3 Orion (marine reconnaissance plane purchased by the Dutch Navy).

Although a large sum offered to him in Anney, France, was refused by H.R.H., the offer, which had all the features of an attempt at bribery, was evidently not felt by the Prince to be dishonourable or improper, at least it seems not to have disturbed his friendly relationship with the Lockheed officials concerned.

His refusal was very business-like as far as his motivation was concerned, and was based on the National Assembly of what was asked of him. There is no hint in the statements obtained of a rejection in principle of such

that statement as long as no explanation has been given. In the knowledge of the sum presented in 1960-62, the Lockheed management apparently were not afraid to approach H.R.H. on several occasions during 1967 and 1968 with requests for information and inter-

company I. G. Farben when he met his future wife.

A pilot for the RAF during the war and later for the Dutch Air Force, it was stated that the Prince should return to business via aviation—he still flies his own aircraft.

In addition to his well-publicised links with the U.S. aircraft company Lockheed, the Prince sat on the Boards of KLM airlines and Fokker, the Dutch aircraft manufacturer, and was an honorary supervisory Board member of the German parent company, VFW.

The relationship between aerospace and defence is a close one, and in addition to being Inspector General of the Dutch armed forces, Prince Bernhard was a member of various advisory councils to

the Dutch forces. As Inspector General, a post that was created specially for the Prince in recognition of his services to the Dutch during the war, he had some influence over Dutch military procurement policy, although Defence Ministry officials had in recent days described his influence as insubstantial.

The Prince is not a poor man. His state allowance for this year was about £120,000, but a much larger amount goes to Queen Juliana for the upkeep of the royal household. This allowance has been substantially bolstered by his private business ventures, although it is also clear that the Prince has put a considerable amount of his own money into charities, and in particular the World Wildlife Fund.

and (it must be assumed) fictitious name. H.R.H. has also stated explicitly that he did not receive this sum of \$100,000 nor had it at his disposal. The Commission has not found any evidence to the contrary.

The request addressed by H.R.H. to Lockheed in September 1964 for commission on any aircraft to be supplied to the Royal Navy takes up the thread broken off in 1968. The request made by him to Lockheed in a letter in his own handwriting resulted in him being able to expect a sum of \$1m. if the Netherlands government should decide to procure the P-3 Orion.

The concealed threat contained in the second letter, written by H.R.H. and the refer-

ence to the many efforts he had made to get the right decisions made in this country and to prevent wrong decisions based on political considerations form a whole which must be described as extremely questionable.

Although it was not stated anywhere in the letters sent to Lockheed that it was H.R.H.'s intention to allow the World Wildlife Fund to benefit from the commission to be paid to him by Lockheed—and what would have been more natural than that—H.R.H. states explicitly that this had been his intention from the outset. The Commission can only say that in this case the end could not justify the means.

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he considered acceptable by Prince Bernhard. In reply to a question, he stated that he took this information to be an amendment to the original request by H.R.H. emanating from negotiations.

His reply to Mr. Martin had been that he did not feel happy about the situation and did not wish to take a decision at that time. The whole matter was dropped because the procedure was scrapped from the Netherlands budget three or four months later.

The Prince's relations with Lockheed went away. The offer of an aircraft, however unusual, was still conceivable as a gesture towards someone as important as the Prince. But when a gift of money was made in its place, the relations became sullied. As a result, Lockheed felt able to venture to approach the Prince with improper requests and with offers which were not unequivocally refused. And it ended with the Prince approaching Lockheed with equally improper requests for commission. One thing led to another; if the idea of favours for himself or for others had been rejected by the Prince from the very first, his relationship with Lockheed would never have deteriorated to such an extent.

One must not lose sight of the fact that it is not unusual for a member of the Royal House to receive gifts, sometimes valuable ones. Being a token of affection, they can be refused. As stated elsewhere, it is fairly common for H.R.H. usually on the occasion of special events — to receive significant sums of money as a gift from companies for charitable purposes, sometimes expressly specified by the donor and sometimes not. One may wonder, then, whether the possible acceptance of a gift from Lockheed should be open to criticism.

The Commission believes it should. Certainly in 1968, but even as far back as 1960, it was a question of gifts by Lockheed

to the Prince. The Commission asked for, on an order of between \$10m. and \$20m., including spare parts and service, was of the order of \$4m. to \$6m. Mr. Kitchin had completely rejected this proposal because the figure was much too high. He had, however, asked Mr. Martin to find out on a subsequent visit to Europe whether a lower figure was possible.

Later, probably in February 1975, he heard from Mr. Martin that the latter thought that a figure of \$100,000 per aircraft, that is, a total of \$1.3m., would

be the recent meeting of the President with M. Alain Peyrefitte, a diplomat and former secretary general of the UDR, and tipped as a possible Foreign Minister in M. Barre's administration. Meanwhile, a widely noted caller at the Elysée Palace to-day was the party's present secretary.

This week's political excitement is certain to give way rapidly to more mundane economic worries. M. Barre has already more or less promised an austerity package to attack inflation and protect the franc, while the important 1977 budget is about to enter the final stages of preparation. Political reaction to the up-

heaviness so far been almost uncharacteristically calm. M. Chirac, the obvious rallying point for Gaullist malcontents, leaves tomorrow for a three-week holiday and Parliament, the theatre for rebellion against the President, does not reassemble for a month.

Apart from the widely predicted return of M. Guichard there are few clues to the make up of the new ministerial team. However, the conventional wisdom is that M. Jean Sauvagnargues will leave the Quai d'Orsay while more surprising rumours suggest that M. Jean-Pierre Fourcade will give up the Finance Ministry.

Many other prominent members of M. Chirac's out Cabinet are expected to reappear, but they are, although new Prime Minister may opt for a more stream Government to deal with difficult economic situation, the Gaullist movement has been relatively stable, both at the municipal level next Spring and at National Assembly in 1978.

The arrival of the 19th and admitted economic Barre has proved the news the hard pressed has had for months. It is four full centuries again dollar to-day and strength against the pound, the and the Swiss franc.

M. Chirac could certainly duce figures to back it arguments. The industrial production index, which to exceptional leap from 1976, to January, 1976, from 112 to 120, has since remained relatively stable, the end of June it had grown by no more than two per cent.

As usual, it is all a matter of priorities, and it seems that the new Government, due to present the 1977-1 and a package of measures in the middle of month, will opt for the Poir rather than the Chirac in spite of the political, economic and Left-wing opposition will less make of the anti-inflation package. It has little choice further deterioration of economic situation is avoided.

The drought, which has agricultural production like particularly hard, will put prices sharply during the next months of this year. A National Institute of Statistics already forecast in 1976 as a whole, the rate of inflation is expected to be more than double that of France's trading partner, West Germany.

As it is, the trade balance has been in deficit for all but months out of the last three, thanks to an even increase in imports. The decline of the French franc on the exchange markets, welcomed by the authorities because the French current account has been overvalued, has now much too far for comfort.

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OTHER EUROPEAN NEWS

Military in Portugal told 'no squabbling'

LISBON, August 26.

CENTRE and conservative parties warned the military to-day that political squabbling in the armed forces was a threat to democracy in Portugal. But military leaders issued a statement saying that democracy was being threatened by speculation about such trouble.

The statement by the Military Council of the Revolution also said that the armed forces were committed to making the country fully democratic.

The warning to the military came from the centrist Popular Democratic Party (PPD) and the conservative Centre Democratic Party (CDS).

The 19-man military council, which includes President Antonio Ramalho Eanes and the heads of the three services, said their commitment to the achievement of full democracy implied transferring all powers to freely-elected democratic institutions according to an agreed timetable.

A recent reshuffle of the council, which maintains a watchdog role, resulted in two Left-wing regional commanders being replaced and two conservative officers leaving the group.

The conservative Air Force then boycotted a ceremony inaugurating the Left-wing General Vasco Lourenco as Lisbon's military governor, and conservative northern officers held a meeting condemned by the Left as "coup-like manoeuvres."

ppd criticising such dissension. Carneiro told the Comercio do Porto newspaper: "What is happening is extremely serious, since one expects from the armed forces that they should contribute to democratic stability."

The CDS said the armed forces were causing upsets at a time when civilians representing the popular will were beginning to take over political control of the country. Reuter

Soviet engineer jailed

A senior engineer in the Soviet foreign trading organisation, V.O. Stankomport, has been sent to prison for divulging commercial secrets to a representative of a West German company in return for bribes, writes David Satter in Moscow.

The engineer, Mr. A. S. Baranov, gave information to Mr. Karl Heinz Rochowicz, a representative in Moscow of the German company Dönnhoff, who had been credited to the Left as "coup-like manoeuvres."

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Gaullists likely to retain major Cabinet portfolios

BY RUPERT CORNWELL

THE NEW French Prime Minister, Mr. Raymond Barre, to-day embarked on the ritual of consultations over the composition of his new government, with every sign that the Gaullist party will retain some important portfolios.

After his bitter separation yesterday from M. Jacques Chirac, it is of the utmost importance for President Giscard d'Estaing to mend his fences with the UDR to ensure the support of a party which remains by far the largest element in his majority in the National Assembly.

The symbol of this conciliatory spirit is likely to be M. Olivier Guichard, one of the historic "barons" of Gaullism, a close associate of both the General himself and of President Pompidou under whom he held the important positions of Education Minister and then Planning Minister.

M. Guichard dined quietly last night with Mr. Giscard d'Estaing and was the first caller this morning on M. Barre in his office at the foreign trade ministry, the job he held until yesterday. Should, as expected, he returned to the Government it would only be to a senior post and one most probably embellished with the title of Minister of State.

Another straw in the wind of General de Gaulle, has been particularly intractable.

Neither of the two previous Presidents of France under the Fifth Republic — General de Gaulle and M. Georges Pompidou — were prepared to accept the kind of transfer of power which M. Chirac apparently desired. In the case of President Giscard, who does not have the solid political base of his fore-

runners and who did not share the basic philosophy of his Prime Minister, such a move would have been even more dangerous. It would have been tantamount to losing political control over his own Government.

Elected by universal suffrage, albeit by a paper-thin majority, the French President is determined to push through the reform programme, with several aspects of which M. Chirac disagreed, but which Giscard firmly believes was the reason why voters chose him. A diarchy, difficult to operate at the best of times, could have produced only more serious clashes between the two men, to say nothing of those between M. Chirac and other non-Gaullist members of the Government who resented his role as "co-ordinator" of the coalition parties.

So, at least the air has been cleared by M. Chirac's departure. By the appointment as the new Prime Minister of M. Raymond Barre, who has been described perhaps somewhat too glibly as being no more than "a technician," the President has re-established his authority and the centrist parties, who will become the backbone of the new coalition Government, have at last won their freedom to air their views on the municipal and parliamentary elections in 1977 and 1978.

That is the most favourable side of the picture from the point of view of Giscard, who has always wanted to govern the

country from the centre, or even from the centre-left as he made clear yesterday. The problems now facing him, however, are huge. Deprived of the certainty of Gaullist support in the National Assembly, and unable to build a new coalition which would give him a regular majority for his legislation, Giscard could be forced to suspend many of his planned reforms. What he has gained in freedom of action within the Government, he has lost in Parliament.

If the new Government were to be paralysed by its inability to push its programme through the National Assembly, this could have serious consequences for its prospects of defeating the Communist-Communist union of the left at the next general election.

It all depends on what the Gaullists will do now. They have not been exactly happy at losing the leadership of the Government for the first time since the inception of the Fifth Republic in 1958. Relief at gaining their freedom to oppose the President's policies whenever they want to is clearly tempered by the realisation that M. Chirac's resignation could herald the end of the whole Gaullist era.

Systematic opposition to the President's policies might provoke Giscard into dissolving Parliament, and a general election fought by the Gaullists entirely on their own instead of as a coalition with the centrist parties could lead to their decimation. It would also, in all probability, result in a victory of the left.

Such considerations, added to the possibility that President Giscard might still pull a last-minute rabbit out of the hat by offering a major ministerial post to a prominent Gaullist, such as M. Olivier Guichard to former Planning Minister under the late President Pompidou, must

weigh heavily in any decision on their future tactics. Giscard's gamble that the Gaullists will not dare to separate themselves completely from his Government could therefore yet come off.

As far as the immediate future is concerned, however, attention will now switch to the country's growing economic problems. M. Barre, one of France's most respected economists, and a former vice-President of the EEC Commission, has been nominated as the Prime Minister as much for his economic expertise as for any other qualities which he may have.

If M. Chirac quarrelled with other Ministers for political reasons, he also clashed with M. Jean-Pierre Fourcade, the Finance Minister, over the measures required to combat the continuing high rate of inflation, reverse the current trend of growing trade deficits, and stabilise the ailing franc. This, too, could hardly be tolerated at a time when new economic measures are urgently required.

While M. Fourcade, whose continuation as Finance Minister is not yet certain, favoured strict credit restrictions to bring down the rate of inflation presently running at an annual rate of between 9 and 10 per cent, M. Chirac at least equally concerned with the relative slowdown in the speed of economic recovery. The former Prime Minister also feared that too rigorous an austerity package would have an adverse effect on the employment situation which is still far from satisfactory.

His political nose told him that the Government had to tread warily in a pre-electoral period during which it could not afford to see its waning popularity decline any further or supply the Socialist-Communist union of the Left with yet more ammunition.

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Apart from the widely predicted return of M. Guichard there are few clues to the make up of the new ministerial team. However, the conventional wisdom is that M. Jean Sauvagnargues will leave the Quai d'Orsay while more surprising rumours suggest that M. Jean-Pierre Fourcade will give up the Finance Ministry.

Many other prominent members of M. Chirac's out Cabinet are expected to reappear, but they are, although new Prime Minister may opt for a more stream Government to deal with difficult economic situation, the Gaullist movement has been relatively stable, both at the municipal level next Spring and at National Assembly in 1978.

The arrival of the 19th and admitted economic Barre has proved the news the hard pressed has had for months. It is four full centuries again dollar to-day and strength against the pound, the and the Swiss franc.

M. Chirac could certainly duce figures to back it arguments. The industrial production index, which to exceptional leap from 1976, to January, 1976, from 112 to 120, has since remained relatively stable, the end of June it had grown by no more than two per cent.

As usual, it is all a matter of priorities, and it seems that the new Government, due to present the 1977-1 and a package of measures in the middle of month, will opt for the Poir rather than the Chirac in spite of the political, economic and Left-wing opposition will less make of the anti-inflation package. It has little choice further deterioration of economic situation is avoided.

The drought, which has agricultural production like particularly hard, will put prices sharply during the next months of this year. A National Institute of Statistics already forecast in 1976 as a whole, the rate of inflation is expected to be more than double that of France's trading partner, West Germany.

As it is, the trade balance has been in deficit for all but months out of the last three, thanks to an even increase in imports. The decline of the French franc on the exchange markets, welcomed by the authorities because the French current account has been overvalued, has now much too far for comfort.

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Austrian N-debate

BY OUR OWN CORRESPONDENT VIENNA, August 26.

THE TEMPORARY closure of the West German nuclear power plants at Biblis and Griesheim because of damage to the protective mantle has renewed the debate on reactor safety in Austria, whose first atomic power station is being constructed at Zwentendorf on the Danube 20 miles north-west of here. It is being built by Kraftwerkunion, the West German company which constructed the two closed plants.

Control of reactor safety and environment risks is in the hands of Austria's Ministry of Health and the Minister, Dr. Ingrid

Leondorfer, stressed in a radio interview to-day that every single construction phase at Zwentendorf must be approved by experts before the various sections can be built. Party certificates have been issued by independent experts, or science institutes, the Minister said. They concerned such areas as the choice of site, insulation measures, buildings, machinery and electrical installations.

He said that these careful control procedures had delayed completion of the station by more than a year and planning of a second power reactor near Krems had been put back by several years.

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U.S. trade deficit last month widens to \$827m.

JUREK MARTIN, U.S. EDITOR

WASHINGTON, August 26.

AMERICAN trade deficit widened to \$827m. last month, more than twice the deficit of \$400m. in July, after a sharp decline in July. The deficit in nearly two years again a sharp increase in the cost and volume of imports was the main factor. Exports and imports rose by 3.1 per cent. going up by 3.1 per cent. previous month to \$10.55bn. with imports 7.5 per cent. higher at \$11.55bn. The year-to-date deficit has been improving more rapidly than those of its principal trading partners. The value of petroleum imports rose by about \$27m. last month, partly reflecting higher oil prices and partly the result of increased American economic activity. For the year to date, fuel imports have risen by some 25 per cent., compared with last year's depressed levels. There was also a sharp increase in the import of machinery and transportation equipment last month. For the first seven months of the year, the American trade deficit stands at about \$1.9bn. According to the Commerce Department the continuation of present trends would produce a deficit of \$2.2bn. for the full year, in contrast to last year's surplus of over \$1.1bn.

U.S. trade deficit last month widens to \$827m.

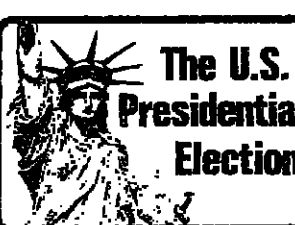
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Ford sharply reduces Carter lead in polls

BY OUR OWN CORRESPONDENT

WASHINGTON, August 26.

PRESIDENT FORD has sharply cut into Mr. Jimmy Carter's long lead in the Presidential stakes, according to the latest Gallup Poll. A sharp contraction in Mr. Carter's edge was expected in the immediate wake of the Republican convention, but the Ford campaign will nonetheless take heart from the latest figures. The Gallup survey was taken in the course of the three days immediately following the end of the Republican convention in Kansas City last week. It gives Mr. Carter a 49 to 39 per cent. lead over Mr. Ford, with the remaining 12 per cent. either undecided or favouring some other candidate. The previous poll, taken August 6-9, had the Democratic candidate ahead by 56 to 33 per cent. over Mr. Ford. Of course, at the time not even his own party's nomination. Mr. Carter's biggest lead in the Gallup canvasses came immediately after the Democratic convention in New York last month and was by an enormous 62-29 per cent. margin. In only one Gallup poll this year, taken at the end of March, has Mr. Ford held a lead over Mr. Carter. Traditionally, the nominees of both parties enjoy a lift in the polls in the days after the conventions that have selected them. In 1964, for example, Senator Goldwater reduced a pre-Republican convention 57-



point deficit against President Johnson to 36 points as soon as he was chosen as the nominee. The polls that really matter are those which come out in the two months before the election itself on November 2, when the national focus is more squarely on the candidates themselves and less influenced by the euphoria and heavy media exposure associated with the climax of political convention. Nevertheless, the Gallup poll, and that released yesterday by the National Opinion Research Centre, which had similar findings, do bear out the contention of the Carter camp that the gap between the two candidates was nothing like as large as suggested in some midsummer polls. Mr. Carter, of course, has been warning against complacency for weeks now and has just finished a western and mid-western tour, while the President has been plotting strategy in Colorado. The battle begins in earnest after the Labour Day week-end on September 7.

Venezuelan oil output falls

BY JOSEPH MANN

CARACAS, August 26.

VENEZUELA'S crude oil production has reached an average of 2.25m. barrels per day so far this year, according to the latest Government statistics. This figure shows a 10 per cent. drop in relation to 1975 output. Crude production last year averaged 2.25m. barrels daily, down from 3m. barrels in 1974. The present Government, headed by President Carlos Andres Perez, has been giving regular cuts in crude output and has pegged this year's overall average at 2.2m. barrels per day. Monthly averages this year in some cases have gone well beyond 2.2m. barrels, however, in an effort to compensate for low output registered during the early months of 1976. The Government here nationalised Venezuelan oil and experienced serious difficulties in selling oil at the outset. Market conditions, though, have now changed so that Venezuela would be able to sell considerably more oil than it is presently producing. But the Government maintains that it will not significantly increase production.

Nickel poisoning clue to deaths

BY OUR OWN CORRESPONDENT

WASHINGTON, August 26.

SCIENTISTS investigating the death of more than 24 people who attended a conference in Philadelphia last month now seem to feel that the victims died from a form of nickel poisoning. A highly toxic substance known as nickel carbonyl has been detected both in the bodies of the American legionnaires who died and in those who did not. Nickel carbonyl is formed when nickel reacts with carbon monoxide. The scientist leading the investigation has suggested that the victims could have inhaled fumes containing the substance when invoices containing tiny particles of nickel were burned in an incinerator. At the time of the conference itself, Philadelphia's sanitation workers, who normally collect such refuse for disposal, were on strike.

WORLD TRADE NEWS

IN BRIEF

MAN wins S. African contract

BY NICHOLAS COLCHESTER

MASCHINENFABRIK Augsburg-Nürnberg (MAN), as leader of a consortium with Alsthom of France, has received a DM300m. order to deliver three 600 MW. turbo-steam generators to the Electricity Supply Commission of South Africa (ESCOM). This is the second of two identical orders to ESCOM and will expand South Africa's Mulla power station.

SINGAPORE AIRLINES

SIA has placed an order for another Boeing 747-200 jet, expected to be delivered in August next year. It is expected to be deployed on the airline's rapidly growing London-Sydney-Tokyo route. SINGAPORE'S customs clearance trade deficit for the first seven months of 1976 narrowed to \$53.4bn. compared with \$53.1bn. for like period in 1975. The Swedish domestic operator, the Swedish three motor Fokker F28 Fellowship aircraft, for delivery in the summer of 1977. A contract for five other aircraft was announced in May last year.

VEHICLES has won a 1m. contract to supply truck and bus chassis to Greece. It is the biggest order ever gained by the company from that market.

THE BRITISH GOVERNMENT has been presented with a major surge in the country's car import bill in the politically sensitive period leading up to the TUC annual congress. The figures, showing that car imports went up by 48 per cent. in value terms last month, and are up by 51 per cent. over the year as a whole, will provide embarrassing ammunition for critics of the Government's policies who want to see car imports curbed.

Equipment for Seveso

By JOHN WALKER

STOCKHOLM, August 26.

FOLLOWING an accidental release of poisonous gas at Seveso in Italy, the Pharmacological Research Institute in Milan has placed an order with the Swedish instrument makers LKB Produkt for an advanced gas chromatograph, specifically designed with an integrated computer system to help determine the extent of contamination. The large scale investigation will include the taking of samples of animal tissue, cows milk, plants and soil and is expected to take four months in order to determine the current concentration of the poison and assess any possible changes. Only then can the authorities make a decision concerning the possibility of allowing the population to return to the affected district.

Swedish group in Indonesia shipping deal

STOCKHOLM, August 26.

The Swedish Brostrom shipping concern has received permission from the Central Bank to participate in a new Indonesian tanker shipping company for an undisclosed sum. Brostrom's will own 49 per cent. of the equity and Indonesian interests the balance of 51 per cent. The new company will be called PT Indonesia Tankers. If suitable contracts are found, the Central Bank would not have to extend the participation of Brostrom tankers being exported to Indonesia, it is stated.

UNCTAD materials plan criticised by W. Germany

BY NICHOLAS COLCHESTER

BERLIN, August 26.

THE WEST GERMAN Economics Minister, Herr Hans Friderichs, took issue to-day with the "integrated raw materials programme" that was one of the most disputed demands of the developing countries at the recent UNCTAD conference in Nairobi. Opening the 14th partners for progress" overseas import fair in West Berlin, he claimed that this programme was not a logical means of achieving economic development in the Third World, because it would actually worsen the lot of rich in raw materials than it did for those that were poor. According to West German analysis, the model of the programme proposed in Nairobi would actually worsen the lot of rich in raw materials than it did for those that were poor. The programme of which Herr Friderichs was speaking provoked the main split of opinion at the UNCTAD conference. Its main elements were: a) The financing and setting up of international raw material stocks to stabilise prices. b) A bundle of raw material agreements with long term supply and purchase commitments. c) The linking of the prices of raw materials exported from developing countries to the prices of the finished products they imported from the developed countries. West Germany wanted now to discuss the problems surrounding the supply of each raw material separately at the forthcoming conference. It did not rule out the possibility of establishing raw material agreements in suitable cases. But in general, said Herr Friderichs, Germany's priorities were aimed in a different direction. Its government wanted to see more processing of raw materials in the producer countries. It also wanted to encourage horizontal and vertical diversification of the under-developed economies. In the long term this would put such economies on a broader footing and make them less dependent on the fortunes of one or several commodities. This would be a lengthy process, but Herr Friderichs promised, West Germany would do everything in its power to speed it up, including accept sacrifices itself. The West German trade surplus in July was DM2,592bn., up from DM2,150bn. in June, but lower than the DM3,717bn. posted in July, 1975, according to the Federal Statistics Office. Exports in July totalled DM21,332bn. in June and DM20,706bn. in July, 1975. Imports were DM18,739bn. in June and DM18,556bn. in July, 1975. DM18,339bn. in July, 1975.

ECGD liabilities up 36%

FINANCIAL TIMES REPORTER

THE TOTAL amount of ECGD insured credit, loans outstanding and other potential liabilities on June 30, 1976, was £14,785m. against ECGD's statutory limit of £15,250m., which was increased by Parliament on July 22 to £18,250m. This compares with total commitments of £10,900m. a year previously.

Liabilities in respect of guarantees given under Section 1—business taken on a commercial basis—totalled £9,250m., while liabilities under Section 2—business undertaken in the national interest—totalled £5,535m.

The amount outstanding in respect of ECGD's refinancing the banks a proportion of their export lending was £1,800m. Liabilities in respect of the "Cost Escalation Scheme" totalled £3,790m.

During the final quarter ending June 30, 1976, the combined total of guarantees given by ECGD amounted to £1,340m. of which £887m. were for credit insurance, while guarantees worth £453m. were given to banks in respect of finance provided for export contracts. Guarantees to the value of £379m. were given under Section 1 and £263m. under Section 2.

Cost of U.K. car imports rises

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

Commercial vehicle exports were also unusually flat last month, declining by 1 per cent. to £12m., and by 4 per cent. in the heavier vehicle category to £34m. But over the seven month period commercial vehicles have become much more significant in comparison with cars, lifting total sales overseas to £342m. Imports of small commercial vehicles have been increasing rapidly, but from a small base, accounting for 114m. over the first seven months. This appears to be partly due to the rising number of Japanese pickups and small vans coming into Britain.

Drug imports increase

EXPORTS OF pharmaceuticals in the first half of this year totalled £11,135m.—an increase of 12.7 per cent. on the corresponding figure last year. Imports at £63,933m. were up by 42 per cent. giving a balance of trade surplus of £147,190m.—only 3.4 per cent. better than last year's surplus at the same stage. The Association of the British Pharmaceutical Industry, announcing the figures yesterday, described the increase in the value of imports as disturbing but pointed out that it had to be viewed against a period of virtual standstill in the cost of imports last year. The 3.1 ratio of exports to imports was still among the highest in the world, the association said.

Saudi plastics venture

The Swiss engineering concern, Geur Fischer has formed a joint-venture undertaking with Saudi Plastic Products, John Vicks reports. Called Arabian Plastics manufacturing company, it will make plastic fittings for the domestic market and other Arab countries. Production, to start in 1978, will be controlled by the Swiss company, which will also provide engineering know-how for the plant. The fittings will be used with plastic piping made by the Saudi parent. The two partners view the joint-venture company as a base for further joint activities.

Australians seek capital

Two senior members of the Australian Foreign Investment Review Board are in London to advise businessmen and financiers on the prospects of investment in Australia.

The Board's chairman, Sir Bede Callaghan, said in London yesterday that his Government wanted a balanced increase in foreign investment and had been encouraged in the interest shown this year. In certain areas the Government required a 50 per cent. equity and voting strength for Australian interests, he pointed out. He said that Japan was the largest growth prospect at the moment. America had increased her investment in Britain, though she had eased off recently, was still the largest foreign investor. The Board's purpose was to advise and make recommendations to the Government. We do not have a shopping list but we are available to discuss guidelines. We are meeting groups of industrialists but we are not knocking on doors asking for money.

Cologne trade fairs - information centres for many sectors

As a businessman you want to be "in the know". You want to see, study and compare the complete range of articles from one sector in one place and without wasting time. You want to recognize trends for the future in order to do successful business. You cannot afford to miss the Cologne trade fairs for your branch.

For you too - because one of these Cologne trade fairs is the top-ranking information and order centre for your branch. Exhibitors and trade visitors do well to come to Cologne.

Cologne has the right fairs.

Time and again each of the 19 Cologne trade fairs is a barometer of economic development in the various sectors. The arrangements made there are of importance in deciding profit or loss. First-hand information, an exchange of notes and contacts are of equal importance.

2nd. half 1976	
AUG 27	International Men's Fashion Week*
SEP 10	"Phoboskian"
16	World Fair of Photography
SEP 18	IFMA - International Bicycle and Motorcycle Exhibition
26	SPOGA* - International Trade Fair of Sports Goods, Camping Equipment and Garden Furniture
SEP 26	International Garden Trade Fair*
28	International Fair FOR THE CHILD*
OCT 19	ORGATECHNIK incorporating the International Office Trade Fair for Filings and Equipment
OCT 24	1977 - International Fair of Clothing Manufacturing Machines

Key position Housewares Fair • Hardware Fair • DOMOTECHNICA • Furniture Fair • INTERZUM SPOGA • Garden Furniture Fair • Men's Fashion Week • IMB • FOR THE CHILD PHOTOKINA • ANUGA • ISM • IFMA • ORGATECHNIK • Exhibition of spots Facilities and swimming pools • Art Fair • Art Antiques

Messe- und Ausstellungen-Ges.m.b.H. Köln
D-5 Cologne 21 • P.O.B. 21 0760 • Tel. (221) 82 11
Information: International Trade Fair Agencies Ltd., 10, Old Bond Street, London W1X 3DB, Tel. (01) 409 09 56, Telex 2-2751

DA'S BANKING PROPOSALS A boost to competition

BY OUR TORONTO CORRESPONDENT

TORONTO, August 26.

THE PAPER setting out the Canadian Bankers' Association's proposals for a national clearing house for most monetary transactions. To be called the Canadian Payments Association to which all financial institutions accepting deposits would have to belong, it would be a central clearing system for cheques but eventually could handle electronic payments triggered by plastic cards.

The Canadian Government seems to be counting on foreign banks to introduce an element of competition and innovation.

At present the clearing system is run by the banks. Membership in the Canadian Payments Association will give credit unions the right to offer chequing facilities, to have cheques cleared through the national clearing system and give them a voice in the association's management. Most important, it will give the credit unions certain borrowing privileges at the Bank of Canada which they do not now have. But this will also impose responsibilities. Members will have to belong to the Canadian Deposit Insurance Corporation which guarantees depositors against losses up to Canadian

\$20,000 in any one bank or financial institution. Further, members will have to maintain minimum non-interest bearing reserves. The proposals for regulating the activities of foreign banks received a generally favourable response from executives of many foreign companies already operating in Canada in a major way. They welcomed the opportunity to seek the status of a bank and the acknowledgement

total operations of foreign banks to 15 per cent. of total commercial lending in Canada. The extent of the activities of foreign-owned banks is not precisely known because they do not have to report to the Bank of Canada, but the Central Bank has identified 48 companies affiliated with 25 foreign banks and the total assets of these affiliates have reached about \$2bn. One of the reasons for opening the doors to foreign banks is that if the Canadian Government can provide a basis in law for the operation of foreign banks in Canada it can expect Canadian banks to obtain the reciprocal recognition in other countries, which is necessary if they are to extend their participation in international markets. While there are a number of restrictions on foreign banks that are disappointing to them, it seems that the Canadian Government is counting on these banks to introduce the elements of competition and innovation now felt to be lacking on the Canadian banking scene. New banks are likely to be relatively rare in Canada, but foreign banks that bring along the know-how of their foreign parents have already demonstrated a will to serve the public not always visible in Canadian banks. It is also significant that foreign banks entering the Canadian system will be subject to the Bank Act not in the Foreign Investment Review Agency with its national list overtones.

OVERSEAS NEWS

Search for Miki compromise

BY CHARLES SMITH

OFFICIALS OF Japan's ruling Liberal Democratic Party today to discuss ways of achieving a compromise solution to the struggle between the Prime Minister, Mr. Takeo Miki, and the powerful forces within the party which are seeking his resignation.

Talks between the officials followed the breakdown, yesterday, of a three-cornered summit conference between Mr. Miki, Mr. Takeo Fukuda, the Deputy Prime Minister, and the Finance Minister, Mr. Masayoshi Ohira. At the unsuccessful summit Mr. Fukuda and Mr. Ohira pressed Mr. Miki to resign before convening an extraordinary session of the Diet, which is due to be held shortly, and Mr. Miki refused.

The anti-Miki forces in the party comprise the three biggest factions, those led by Mr. Fukuda, Mr. Ohira, and the faction formerly led by ex-Prime Minister Tanaka, whereas Mr. Miki is directly supported only by his own relatively small faction and that of Mr. Yasuhiro Nakasone, the party secretary-general. Nevertheless, Mr. Fukuda and Mr. Ohira have seemed afraid to use their factional strength to force Mr. Miki out of office, apparently because they believe that to do so might split the party.

Party executives have thus been given the job of trying to work out a settlement between pro- and anti-Miki forces. This could involve the Prime Minister



Mr. Takeo Miki

agreeing to hand over power at some future date although Mr. Miki himself has given no public indication whatever that he plans to step down—at least before the general election due to be held this winter.

Mr. Miki was said to be relaxing today after Thursday's three-hour meeting with his opponents.

Mr. Fukuda and Mr. Ohira, on the other hand, were described as looking "tense" by journalists who met them. The fact that the two men failed to unseat

Mr. Miki after openly demanding his resignation represents a severe moral defeat for the anti-Miki wing of the LDP and particularly for Mr. Fukuda, who until very recently has adopted an oblique approach to the party power struggle.

The reason why Mr. Miki's opponents claim he should go is that he is allegedly "not strong enough" for the crucial general election which has to be fought this winter when the life of the current Diet expires. Mr. Miki has weak links with the Japanese business establishment which would normally be expected to put up funds for an LDP election campaign. He was originally thought of only as a caretaker Prime Minister when he took the office in November 1974 after the resignation of Mr. Tanaka.

The unravelling of the Lockheed crisis, over which Mr. Miki has presided, has made him a far stronger national figure than he was before but it has also earned him the dislike and distrust of colleagues within the LDP—especially those belonging to the faction formerly headed by Mr. Tanaka (now awaiting trial on Lockheed bribery charges).

Mr. Miki clearly feels that his success in getting to the bottom of Lockheed and the support he enjoys in the country as a whole has given him a mandate to lead his party into the next election. The LDP old guard, however, sees the leadership question in

TOKYO, August 26.

terms of factional balances within the party—and these quite definitely do not favour Mr. Miki.

The two sides also disagree over the legality of a special party caucus which met last Tuesday and passed a motion calling for leadership changes. A complicating factor in the dispute is that Mr. Miki himself was not elected leader of the LDP in November 1974 but was given the job by party elders after a deadlock developed between other contenders for the leadership.

A parliamentary committee investigating the Lockheed payments scandal voted down an opposition party demand for a preliminary Prime Minister Mr. Kakuei Tanaka and Mr. Yasuhiro Nakasone, Secretary-General of the Liberal Democratic party.

The motion by the Communist, Socialist, Democratic Socialist and Komei parties also urged that the committee look into the "political and moral responsibility" of politicians and government officials suspected of receiving Lockheed payments but not charged because of lack of evidence.

Japan's seasonally adjusted preliminary mining and industrial production index rose 1.2 per cent. in July to 127.0, base 1970, from a revised 125.5 in June, when it rose 1.3 per cent. The Ministry of International Trade and Industry announced.

Petrol on sale once more in Uganda

Private motorists in Uganda are to be allowed to buy petrol from today for the first time in more than a month. Uganda Radio announced yesterday in a broadcast monitored in Nairobi, Reuters reports. The move follows a peace agreement early this month with Kenya which had cut off supplies. The row followed Ugandan accusations that Kenya supported the Israeli operation to rescue Air France hijack hostages from Entebbe airport on July 4. The radio said petrol stations would open from 6 a.m. to 7 p.m. and quoted a Government spokesman thanking the public for its co-operation and understanding during the period of fuel shortages.

Singapore growth

The Monetary Authority of Singapore (MAS) has forecast a real economic growth rate of 3 per cent. for Singapore this year in its 1976 annual report just released. Singapore Correspondent writes.

Storm toll up

Rescue workers yesterday dug more bodies from tons of mud and debris in Hong Kong to bring to 17 the official death toll following torrential rain. Rescue teams worked through the night under floodlights at a crowded Kowloon housing estate where at least 12 people, mainly children, were known to have died. More were feared buried, Reuters reports.

India squeeze

The Reserve Bank of India has taken a major anti-inflationary step by upping the repo rate (about 10.5 per cent.) in the discounting of commercial banks' bills. This has been done by raising the cash reserves required of scheduled commercial banks, including foreign banks by 1 to 5 per cent.

Thailand interest

The Bank of Thailand, in a move to improve its balance of payments in the country, reduced its interest rate from 10 to 9 per cent. per annum, a bank spokesman said yesterday. AP-DJ reports from Bangkok. The move was expected to force commercial banks to reduce their interest rates and encourage more borrowing. The cut was reportedly necessary to speed up recovery of the economy and to boost investments which are still very low.

Manila capture

The Philippines Government yesterday claimed a major breakthrough in its campaign against the banned Communist Party with the dawn capture of dissident leader "Commander Dante," founder of the underground New People's Army. Reuters reports from Manila. The 32-year-old leader, whose real name is Bernabe Buscayno, was caught together with his wife and their two-week-old daughter in a surprise raid by Government troops.

Sudan plot charges

Sudan's Omdurman Radio said yesterday that 25 people accused of complicity in a July 2 coup attempt against President Jaafar Nimeiri had pleaded not guilty to the charges. The radio, monitored in London, said that the accused appeared in Omdurman court on charges under the new security laws. At least 88 people have already been executed in connection with the plot.

Buthezi, Chief Minister of the KwaZulu homeland. No doubt there are also historical factors behind the recent strife. Many of the Zulu migrants come from areas of Natal where Zulu clans have been fighting each other intermittently for decades. The fact that police have been unable to restrain mini-civil wars says something for the belligerence of the Zulus.

They also provide more recruits for the black arm of the South African police than other tribes, and are the most popular employees for security jobs in factories, shops and offices.

But the latest rioting cannot be ascribed entirely to tribal causes, for many of the students and strike supporters are Zulus. There is clearly a well of frustration within the township, at living and political conditions, whether it be from the students or from the workers.

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plete surprise to Mr. Mugabe, he said. Tony Hawkins writes from Salisbury Bishop Desmond Tutu's Roman Catholic Bishop of Rhodesia has been charged by Rhodesian police on two counts of failing to report the presence of terrorists and two counts of counselling mission staff not to make such reports.

Meanwhile Rhodesian Prime Minister Ian Smith says that he has heard a rumour to the effect that the U.S. supports the theme of majority rule (in Rhodesia) within two years, but he does not believe "this rumour." In a television interview with the U.S. network CBS, the text of which was released by the Department of Information, Mr. Smith said he believed that the U.S. Government is "a little more realistic and pragmatic" than to fall for such "illogicality."

Mr. Edgar Tekere, a member of the central committee of the Zanu, said that the new party's claim to have nominated Mr. Robert Mugabe, Zanu secretary-general, as its president was "a real joke." The news of the party's formation and his own nomination had come as a con-

HOME NEWS

Safety orders next year for soccer and rugby grounds

SAFETY CERTIFICATES will be needed for 39 soccer and rugby grounds next year under orders announced by the Home Office yesterday.

They will be the first made under the Safety of Sports Grounds Act, 1975.

The 32 grounds of clubs in the First Division of the Football League and the five grounds in England and Wales where soccer and Rugby Union international matches are held—Wembley, Twickenham, Cardiff Arms Park, Ninian Park and Wrexham—are named in the first Order.

In Scotland, a similar Order covers the ten grounds of the Premier League and the two international grounds at Hampden Park and Murrayfield.

The Orders come into operation on January 1, by when the clubs and stadium authorities concerned must apply for safety certificates from local county councils if they wish to continue to admit spectators.

It will be for the county councils, in consultation with the

police and building authorities to decide what measures are necessary at the grounds to ensure a reasonable standard of safety for spectators.

Regulations have also been made laying down procedures for applying for safety certificates and regulating the conduct of appeals.

These also enable local authorities to charge fees, payable by the clubs and other stadium authorities, for work done in response to applications for safety certificates.

Any major works are likely to be carried out during the next closed season—May to July, 1977—by which time some two years' contributions will have accrued to the Football Grounds Improvement Trust.

A Home Office spokesman said the 39 orders were only the first step and were aimed at clubs where the need was greatest. The Home Office would carry out a review next year to see if more clubs should be required to have certificates.

Switch to supermarkets by Booker McConnell

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

BOOKER MCCONNELL is to dispose of its big store sites and concentrate its grocery retailing on conventional supermarkets. Budegens name, and about 80 chemists, and 125 health food shops, is among the two sites at Aldershot and Windsor, with a combined gross area of 107,000 square feet, to the British-American Tobacco subsidiary, International Stores, which will use them to develop big stores of more than 40,000 square feet under its own name.

About two years ago, Booker, along with most other large supermarket groups, took the view that it would have to build new, larger stores with sales areas of over 40,000 square feet, if it was to compete successfully in the grocery market with Christmas and household goods, as well as groceries and fresh foods.

This is not the first time the two companies have been involved in a swap deal. Last year, International bought Budegens' operation in South Wales and South-West England from Booker.

Chamber urges Heathrow and Gatwick development

FUTURE airport development should be concentrated on London's Heathrow and Gatwick airports, according to the London Chamber of Commerce and Industry in a memorandum to the Government's consultation paper "Airport Strategy for Great Britain."

In its submission to the Secretary for the Environment, the Chamber argues that, as Britain's two major airlines, British Airways and British Caledonian, are already based at Heathrow and Gatwick, and since the capital expenditure involved in new airport construction is so great, further development at London's two main airports is preferable to new airport building elsewhere.

Opposing enforced dispersal of airline operations to other airports, the Chamber contends that regional airports only become viable to international operators if adequate local demand exists and access to those airports is sufficiently developed. London clearly retains high demand, and in the absence of any new airport capable of absorbing anticipated

Four types of spirits increase sales in June

FINANCIAL TIMES REPORTER

THE QUANTITY of spirits for home consumption on which tax was paid in June made a hesitant recovery after the big fall which followed the last Budget according to the Customs and Excise statistics.

In 1,899,000 proof gallons, it was only 1.2 per cent. below the figure a year ago. Even the six-month total of 11,992,000 gallons was just 3.4 per cent. down on the same half of last year, though that half was up by more than 3 per cent. compared with the first half of 1974.

Only four categories of spirits showed advances in June—malt whisky, immature spirits (chiefly gin and vodka), rum, and brandies other than cognac. Scotch clearances in June were just under half the total of

spirits taxpaid, but at 942,000 gallons were 3.4 per cent. down on the previous June. Blends fell by 6 per cent. to 916,000 gallons, while malt whisky advanced by a third to 24,000 gallons.

In the half-year, malt whisky advanced 19.6 per cent. to 125,000 gallons, while blends fell 2.9 per cent. to 6,253,000 gallons—so making the total of 6,378,000 gallons down by 2.68 per cent. Immature spirits made an 11.8 per cent. improvement in June to 576,000 gallons, but in the half-year were down just over 1 per cent. Rum advanced 8 per cent. to 181,000 gallons.

Brandy purchases in June fell 30 per cent. to 112,000 gallons, but the previous June had seen a 33 per cent. advance.

of Energy Trends from the Department of Energy reports, meet demand from user

Coal stocks again grew during July to stand at 33m. tonnes at its end—6m. tonnes more than 12 months before. Colliery managers also showed a further decline, dropping by 1,000 tonnes in the month, with output per man-shift also falling. 3 per cent. in volume. The average output totalled only 40.52 cwt, a drop of 2 cwt on the previous month.

Earlier this week Sir Derek Ezra, chairman of the National Coal Board, warned miners that the first half of 1976 had seen a 3.6 per cent. fall in the value of oil received

Coal prices to rise in October by 10½%

By Roy Hudson

COAL PRICES will rise by an average of 10½ per cent. in October. The National Coal Board said yesterday that would be the net effect of a series of winter price increases for domestic fuels.

Household fuel will face rises ranging from 8 per cent. to 13 per cent. in their bills. From October 1 the price charged by the Board for domestic coal and gas will be raised by 10½ per cent. and 10 per cent. respectively, and 10 per cent. for 100 lb. bags of coal.

The NCB also says that merchants may well have to account of other increases in their operating costs, but prices are unlikely to rise beyond the range of 8 per cent. to 13 per cent.

The NCB will enjoy an £17m. in revenue from between now and the end of the financial year in April, as a result of the increase in a full year the additional revenue will amount to £

NCB houses sales pledge sought

THE NATIONAL Coal Board announcement that it intends to sell its houses has prompted Labour MP to demand a ban on the housing of elderly, widowed and other people and miners with families.

Mr. Neil Kinnock, MP for Wellingborough, is urging Sir Derek J. NCB chairman, to put people in at rest.

He wants to ensure elderly tenants purchase a later by able to move to our built pensioner or other accommodation, with the co-operation of local authorities.

Mr. Kinnock argues that the selling of former NCB houses should not work against interests of working miners' young families, who are in housing. He wants to know chances prospective buyers have of getting mortgages.

But he is not against the selling of Board houses, a number of which are in his constituency.

Mr. Kinnock tells Sir J. in a letter: "A substantial portion of Coal Board houses, very old, in an advanced of disrepair, lacking or quite in elementary indoor room and toilet facilities have been tenanted by paying families over 5 decades."

"In many cases there is very strong argument for the houses to tenants as others, where tenants installed improvements at own expense, reducing the value of the houses to the value of the improvements."

Mr. Kinnock also wants to know what consideration been given to selling streets or pit villages to authorities to ensure the essential improvements of areas and avoid the disadvantages of "mixed ownership."

£100m. in cal ship orders

AUSTIN and Pickersley's day reached £100m. in earnings by its highly successful general cargo ship, the ASD. This was achieved with launch of the Anax, a purchased by a Greek. Exports represent 73 per cent of total production of the

BANK RETURN

BANKING DEPARTMENT	
LIABILITIES	£
Capital	14,500,000
Public Deposits	1,100,000
General Reserve	1,000,000
Bankers' & Other	2,500,000
Reserves & Other	3,500,000
Assets	£
Govt. Securities	1,427,000,000
Arrears & Other	218,700,000
Prepaid, Equip't	30,710,000
Other Assets	24,100,000
Notes	25,500,000
Total	1,785,000,000

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LIABILITIES	£
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Auckland escapes fuel crisis

By Dai Hayward

AUCKLAND, August 26. Auckland Union leaders today ordered petrol deliveries to be refused to work because they feared Government intervention which could lead to the deregulation of the union. The men, who are protesting at the Government's wage freeze, were reluctant, but after four hours' argument resumed deliveries in time to prevent a complete paralysis of Auckland.

However, Wellington petrol drivers have walked out and all ports throughout the country are idle with dockers on 24-hours strike. Many other plants and factories, including paper mills, are still disrupted by the industrial upheaval.

Meanwhile, the former Labour Minister, Mr. Colin Mowle, will be on one of 20 protest boats trying to block Wellington's harbour in a demonstration against the arrival of the American nuclear vessel Triton tomorrow. Mr. Mowle says the Labour Party is not opposed to nuclear power but is bitterly opposed to extension of nuclear weapons to the South Pacific.

Thousands of Australian shipyard workers today staged a 24-hour strike and disrupted a federal parliamentary meeting over a shipbuilding contract awarded to Japan's giant Mitsubishi combine. Reuters reports from Sydney.

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Soweto's 'outsiders' vent their frustration

BY OUR FOREIGN STAFF

THE BLACK hostel dwellers of Soweto, whose violent reaction to students at the hostel had been organised and enforced a work boycott has reduced Johannesburg's vast satellite township to a state of near anarchy, as migrant workers living apart from their wives and families in wretched conditions in order to qualify for urban jobs.

The question of social alienation of the migrants lies at the root of much of the violence that has periodically erupted in South Africa over the decades. But it is the students and school children, who have been in the forefront of Soweto's continuing disturbances, and it is on them that the migrant workers appear to be venting their frustration.

Violence first broke out on Tuesday night at the Meadowlands hostel, where the workers, who alone houses 10,320 inmates, of whom some 30 per cent. are Zulus.

The migrants retaliated in fury

after returning from work to the taunts of strike supporters to students at the hostel had been set on fire and hear that fellow tribesmen had been killed by strikers. They went on the rampage, armed with sticks, stones, pangas (cane cutters) and knives, attacking other blacks "indiscriminately," according to black witnesses.

Part of the reason for the clashes with permanent Soweto residents is the fact that the hostel dwellers are regarded by city people as "izicaka"—yokels or country bumpkins.

For their part the hostel dwellers feel socially alienated from their more sophisticated city brethren. In particular they resent not having been consulted over the general strike this week, and not having been asked whether they were prepared to strike or not.

Most significantly, the migrants feel they are the ones who could suffer most from any

strike, since they have no job security. Many of the migrant workers are employed on short-term contracts, because they cannot qualify as so-called Section 10 residents. To do so they must have been born in the township, or have worked continuously for 10 years. Only by so doing can they qualify to bring wives and children to live with them from the homelands.

The "single sex" hostels in which they live are designed for the same reason. An estimated 35,000 men live in them in Soweto, the largest single group being Zulus.

Although the hostels themselves are not tribally segregated, the men sleep in segregated dormitories, run by concrete bunk beds often made of concrete like giant storage shelves. Living conditions are certainly not conducive to orderly behaviour.

With no women allowed into

the hostels, cases of migrant workers raping women from neighbouring townships are common.

Much of the violence which has plagued the gold-mining compounds over the past three years has been blamed on the hostel living conditions.

It has been suggested—but officially denied—that police encouraged the hostel dwellers to "put the students in their place." There have also been suggestions that some members of the Urban Bantu Council also encouraged the hostel dwellers to act against the strikers and their student supporters.

The Zulus, who are reported to have made up most of the militant groups retaliating against strikers, are the largest ethnic group in Soweto as a whole, numbering some 176,000, compared with 116,000 Tswanas. The Zulu migrant workers provide the main urban political support for Chief Gatsha

Buthezi, Chief Minister of the KwaZulu homeland.

No doubt there are also historical factors behind the recent strife. Many of the Zulu migrants come from areas of Natal where Zulu clans have been fighting each other intermittently for decades. The fact that police have been unable to restrain mini-civil wars says something for the belligerence of the Zulus.

They also provide more recruits for the black arm of the South African police than other tribes, and are the most popular employees for security jobs in factories, shops and offices.

But the latest rioting cannot be ascribed entirely to tribal causes, for many of the students and strike supporters are Zulus. There is clearly a well of frustration within the township, at living and political conditions, whether it be from the students or from the workers.

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Kaunda calls for war in southern Africa

LUSAKA, August 26.

AN EMOTIONAL President Kenneth Kaunda, brushing away tears with a white handkerchief, today dismissed prospects of peaceful solutions in southern Africa and said: "Now we fight."

The President,

Devolution will end SNP opposition—Callaghan

THE FINANCIAL TIMES FRIDAY AUGUST 27 1976

Mr. Callaghan's three-day excursion into Scottish politics has been characterised by his quiet confidence, which is in marked contrast to the Scottish section of the party, which has shown signs of becoming obsessed by the possibility of its own decimation. Mr. Callaghan has given hardly any sign that he accepts that the Labour vote north of the border is being seriously threatened by the nationalists, or that the Devolution Bill, the major piece of Government legislation for the plain truth is, and is the next session, is threatened by a revolt from within his own party.

Last night he refused to discuss the possibility of a guillotine motion being necessary to force the Bill through the Commons and described the "English backlash" as a media invention.

He also declined to talk about a referendum. The Government was now concentrating on the Bill, which would come before Parliament substantially unaltered from last winter's White Paper and the subsequent modifications.

However, he accepted that the assembly having independent revenue raising power had some force. The Government would listen to any suggestions made but no one had been able to come up with a solution which would preserve the unity of the U.K.

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Shipping industry worried U.S. anti-trust move

DEPARTMENT officials are talking next week on the provision of information by the subpoena, whose demands are spread over six pages.

One of the items likely to be discussed with the Trade Department next week is whether the Government should use its powers under the 1964 Shipping Contracts and Documents Act to protect the British companies from having to respond to the subpoenas. However, this may be of only limited value since the consular authorities have records in the U.S. which could not be withheld from the Justice Department.

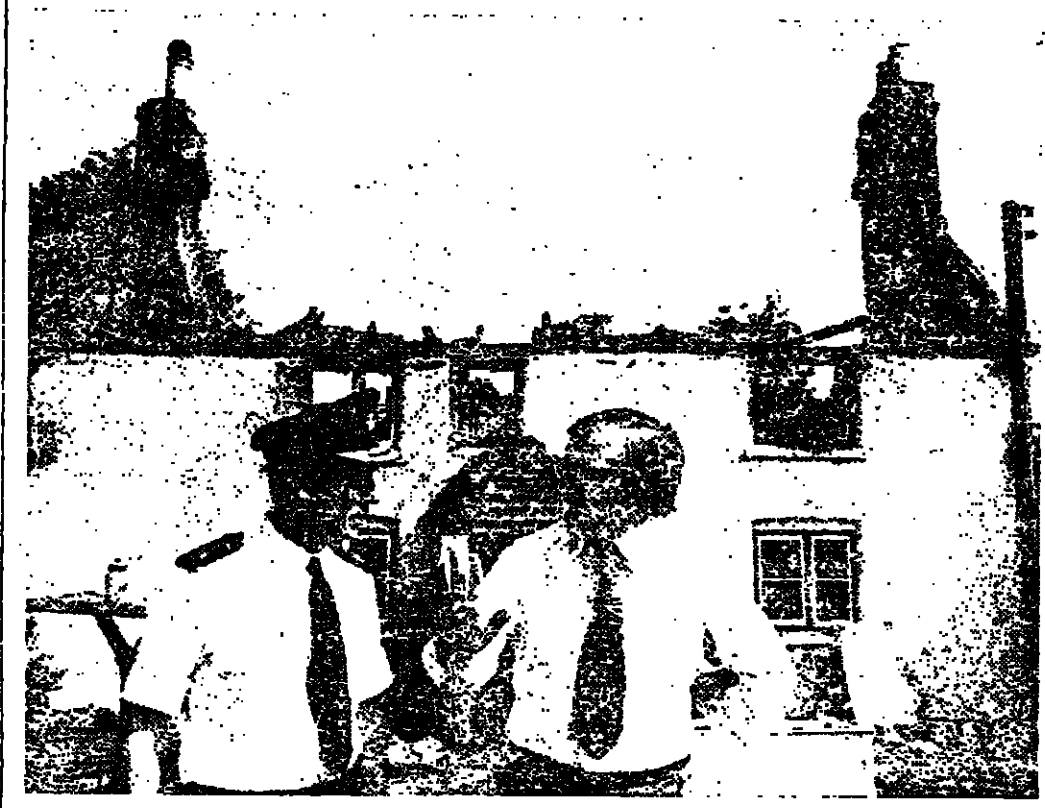
Under pressure from their shipping companies, there is a possibility that a number of European Governments may co-ordinate their actions in a bid to persuade the U.S. Administration to abandon the investigation. The West German Government is already said to be very worried about the problem following the receipt of a subpoena by one of its leading shipping lines Hapag-Lloyd.

While most of the lines affected by the subpoenas are worried about the possible long-term implications, they regard these initial moves as a tedious and unnecessary harassment. All established operators on the Atlantic are keenly aware of the anti-trust regulations and some shipping companies see the subpoenas as a reminder of the Justice Department's continuing interest in making sure that they are observed.

The subpoenas so far received include a comprehensive list of information required, including all agreements filed with the Federal Maritime Commission since 1969 and minutes of a host of committee meetings.

The last time the Justice Department put Atlantic merchant shipping under the microscope was in the early 1960s when their demands became so pressing that the Government passed the Shipping Contracts and Documents Act in less than 48 hours.

This enables it to issue orders forbidding a company from complying with a subpoena to produce documentation kept in Britain. Forecasting that this investigation could go on for four years a senior shipping company executive commented last night: "There will be only one group of victors from all this: the American law firms."



Lord Harris, Minister of State at the Home Office, talking with Hampshire's Chief Fire Officer, Mr. A. Winnings, yesterday, outside a fire-ravaged cottage at the village of Hinton Admiral, near Christchurch.

Fire threatens petrol depot

DORSET FIREMEN were last night fighting to keep a forest fire away from an Army petrol depot and a paint factory near St. Leonards. Later the fire was reported to be under control.

About 30 appliances are at the scene and neighbouring counties also sent help.

A major fire earlier threatened Hurn Airport, Bournemouth. But, with the fire only half a mile away, the wind changed direction, swinging the flames away from the airport.

The South West regional water authority said the drought was costing the region an estimated £1m. The money was being spent erecting standpipes, installing new pumping equipment and new overhead pipelines, the search for new water reserves and in a massive publicity campaign.

Sikhs in Southall believe that their rain festival will bring a downpour. It always works in India," said a leader.

Homeowners whose homes are subsidised in the drought have been advised to call in experts. Subsidies due to drought is not a straightforward problem to be dealt with immediately by simply unroofing, warned the Federation of Master Builders.

Meanwhile, two petrol tankers have been loaned by Conoco to carry water to fight fires in South Wales.

Snails die of thirst

Snail collector Mr. C. Hudson said that bans on watering gardens would kill off the snail population as well as the flowers. More than half of the 4,000 snails in his garden have disappeared already.

Pray, says Archbishop

The Archbishop of Canterbury, Dr. Donald Coggan, called upon Britons to pray for a little heavenly moisture in their private prayers. The Archbishop said:

CBI urges emergency water plan to avoid lay-offs in Wales

THE WELSH CBI last night urged the Government to sponsor a programme to bring water to the drought-stricken industry of South-East Wales.

The plan—put forward at a meeting in Cardiff with Mr. Denis Howell, Minister in charge of the drought crisis, and backed by union representatives present—would involve building a pipeline from a reservoir near Port Talbot and providing a fleet of road tankers to ferry water to the factories most in need.

The CBI team, led by Mr. Zach Brierley, chairman of the CBI Wales regional council, suggested that money should be switched from the Welsh Development Agency to pay for the scheme. It was far more important to support existing industries than spend money encouraging new ones, said Mr. Brierley.

If 50 per cent. cuts in water supplies were implemented in mid-September, as threatened, a quarter of the companies in South-East Wales would be forced to lay-off workers, the Minister was told.

A CBI survey showed that 80 per cent. of industry in the area would find it difficult to stay in business at present production levels.

Domestic supplies were cut to only seven hours a day earlier this week and it is hoped that this will save enough to delay industrial curbs.

A list of priority industries is already being drawn up by the Welsh Office, but Mr. Brierley said the CBI would co-operate in compiling a priority list of industrial users only in the last resort. He wanted to see the whole of industry continuing at full strength.

Mr. Brierley urged that standpipes be introduced instead of the present rota cuts on domestic users, and maintained that domestic users should bear the brunt of the cuts.

He was satisfied that the case for industry had been put emphatically to the Minister and it was up to central government and the water authorities to take the industry was given the supplies it needed.

It is estimated that it would cost between £16 and £20 per 1,000 gallons to ferry water by road tanker for an average journey of about 25 miles compared with the normal charge to industrial users of 55p per 1,000 gallons.

Last night Mr. Howell was briefed by Lord Brecon, chairman of the Welsh National Water Development Authority, Barry Jones, Parliamentary Under-Secretary for Wales, Mr. Brierley, Mr. George Wright of the Wales TUC and other ministry and water authority officials.

He was told that at a time of high unemployment, with companies struggling to recover from a recession, industry was extremely reluctant to cut production and staff. Most of the schemes for supplementary supplies of water were either too expensive or impractical. Although it was too early to declare a State of Emergency, the Government should mobilise all its resources now.

Small businesses like restaurants, hairdressers and laundrettes are already being hit by the reduced supplies. The big brewers are using their own deep wells, but continuous production users, such as soft drinks manufacturers, will be forced to switch production to other plants in the event of cuts.

It is hoped that factories such as component makers, which are essential links with other manufacturers in less badly affected areas, will be given top priority.

A crowded meeting of over 200 principal South-East Wales employers heard that over 25 per cent. of companies in the area would have to lay off workers if there were any reduction in supplies. One large chemical producer said the effect would be immediate and progressive, even though a heavy proportion of South Wales industry met a significant share of its water needs from sources other than the public supply.

The Welsh TUC has criticised all its members asking them to save water, for fear of losing their jobs. It urged employers to make sure that elderly or infirm people in the community are not unduly affected.

MP warns Scots on Assembly finances

A LEADING anti-devolutionist MP warned yesterday that members of a Scottish Assembly would find themselves in a "financial strait-jacket."

Mr. Tam Dalyell (Lab., West Lothian) claimed that Scotland would get a smaller proportion of U.K. revenues than at present.

Speaking to Falkirk Rotary Club, Mr. Dalyell said that within weeks, Assembly members would find they were in a financial strait-jacket, limited by the amount of cash in block grant from imposed.

The Cabinet would be under intense pressure from the English regions to give the Scots no more nor less than an exact proportion of U.K. revenue, said Mr. Dalyell. "The whole wrangle over money would take place inevitably in the full glare of intense scrutiny by Scots pouncing to say 'we were robbed' and publicly stimulated by the suspicion in England that the Scots were getting more than their share."

The truth is that currently we are getting more than our share of U.K. revenues and the creation of an Assembly would certainly mean that we would get a smaller proportion of U.K. revenues than at present. This would foster discontent."

Mr. Dalyell added that Assemblymen would quickly discover that room for financial manoeuvre was desperately tight since 98 per cent. of the block grant was already committed by previous planning.

"The Assembly could hardly and sensibly switch significant sums away from education or the health service, at least unless it is to take over the job of the local authorities," he said.

Mr. Dalyell warned that it would not just be SNP Assembly members who would be "screaming away" for a higher block grant and the "much exaggerated bonanza" of the oil revenues.

"This is the scene not for closer relationships with the Prime Minister, but to use his own words, for the splitting of the oil revenues between Scotland and England," said Mr. Dalyell. "I appeal to the Prime Minister to look before we leap. The issue is the dismantling of the union between Scotland and England after 250 years," he warned.

Guardian moves at weekend

THE GUARDIAN prints its last edition to-night from the Gray's Inn Road offices in London which it has used for the last 15 years.

It will move over the weekend to new premises nearby in Farringdon Road, on Sunday evening. It will operate new facilities transmission processes from there.

The move, which will eliminate costly duplication of typesetting by enabling complete pages to be "wired" to the paper's Manchester plant, will be seen as the start of a major re-organisation of the newspaper industry in Manchester. About 135 Guardian jobs have disappeared as a result of the technical development. More will go as the Daily Mirror, the Daily Telegraph and the Daily Express advance similar plans for their northern operations.

The switch will give the Guardian its first permanent London home. Since it moved to the capital, it has been printed under contract at the Thomson Organisation's Thomson House, a building which also encompasses the Sunday Times, and more recently, The Times.

When the then Manchester Guardian moved south in 1961 it was with a view to introducing a facsimile transmission system. Muirhead was commissioned to develop the first full-page facsimile system for the Guardian and the work was complete by about 1965-66.

But for a variety of reasons, the Guardian did not take up the machinery. After sitting on it for some four years, Muirhead sold the system to the Japanese paper Asahi Shimbun, early in 1968, which became the first paper to use it.

A measure of the saving achieved by the system is that the Guardian has been able to trim its Manchester labour force by some 35 journalists and 70 compositors.

This last week has seen a hectic round of negotiations with the printing unions to agree new plant. While these appear to have been settled there could well be problems, technical or industrial, before the Farringdon Road presses roll on Sunday night.

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Labour call for banks to end links with South Africa

THE withdrawal of all banks and a drastic cut in Britain's trade with South Africa is advocated in a statement issued by the Labour Party National Executive Committee yesterday.

The statement, drafted by the Labour Party's anti-apartheid group, says that the party is running high, and expresses the view forcefully at a party conference in London that the party should take action to bring the apartheid system to an end.

In a letter to Mr. Merlyn Rees, the Northern Ireland Secretary, the Labour Party policy at Ulster, election it will bring increased pressure on a Mr. John Bigger-Davison, urged that the law against incitement to racial hatred should be strengthened and the law of evidence amended in order to shift the onus of proof on a wide number of terrorist charges on to the accused.

"We are aware of objections from lawyers to altering the standards of proof and relying more on written evidence. But we feel the time has come to take these emergency steps. We hope they need not be a permanent part of the legal system in Northern Ireland."

Referring to the tough new Dublin measures, the Tories consider that the British Government would be shown in a bad light if it was not prepared to take an equally tough attitude.

Dublin on the offensive, Page 13

Tough IRA laws urged

THE CONSERVATIVES yesterday put increased pressure on the Government to introduce tougher laws against terrorism in Northern Ireland following the Irish Government's decision to bring in harsher penalties.

In a letter to Mr. Merlyn Rees, the Northern Ireland Secretary, the Labour Party policy at Ulster, election it will bring increased pressure on a Mr. John Bigger-Davison, urged that the law against incitement to racial hatred should be strengthened and the law of evidence amended in order to shift the onus of proof on a wide number of terrorist charges on to the accused.

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Dublin on the offensive, Page 13

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THE HOUGHTON COMMITTEE REPORT

Modest form of State aid urged for political parties

BY RICHARD EVANS, LOBBY EDITOR

A "MODEST injection" of State aid for Britain's political parties, averaging £24m a year, to make them financially more independent is recommended in a report published yesterday.

The average maximum permitted expenditure in Parliamentary constituencies is £1,627, and candidates could be reimbursed by up to half that amount, or £813. Maximum allowable expenditure in London borough elections is £140.

Reimbursement would be limited to those candidates who polled at least one-eighth of the

THE COMMITTEE was appointed by Sir Harold Wilson in May, 1975, with the following terms of reference:

"To consider whether, in the interests of Parliamentary democracy, provision should be made from public funds to assist political parties in carrying out their functions outside Parliament; to examine the practice of other Parliamentary democracies in this field and to make recommendations as to the scope of political activities to which any such provision should relate and the method of its allocation."

Its members were Lord Houghton, former chairman of the Parliamentary Labour Party; Mr. Ian Aitken, political editor of the Guardian; Sir Taiton Brinton, former Joint Treasurer of the Conservative

Party; Sir Edmund Compton, former Comptroller and Auditor-General.

Prof. Michael Fogarty, senior fellow of the Centre of Studies in Social Policy and former vice-chairman of the Liberal Party; Lord Greene, former Gen-Sec. of the National Union of Railwaymen.

Mr. Julian Haviland, political editor of ITN; Prof. D. N. MacCormick, Regius Professor of Public Law, Edinburgh; Lord MacGillivray, Fellow of Nuffield College, Oxford, and industrial relations expert.

Mr. M. H. Thomas, QC MP; Mr. Reg Underhill, Labour Party national agent; and Lord Wall, chairman of Burrup Mathieson and Co. (Holdings).

strongly against any form of State aid, particularly in the present economic circumstances. They argue that such aid would present a threat to the democratic system and could antagonise a large number of people by benefiting extremist groups.

Hampered

The majority of the committee, under Lord Houghton, former chairman of the Parliamentary Labour Party, concludes that the vital role of the political parties in running Britain's democracy is being seriously hampered by the lack of adequate financial resources.

It proposes "a modest injection" of State aid in the form of two schemes:

1—Annual grants to be paid from Exchequer funds to the central organisation of the parties for their general purposes, the amounts being determined according to the extent of each party's electoral support.

2—At local level, a limited reimbursement of the election expenses of Parliamentary and local government candidates.

In order to qualify for a grant a party must at the General Election have either:

(a) Have saved the deposits of its candidates in at least six constituencies; or (b) had at least two of its candidates returned as MPs; or (c) had one of its candidates returned as an MP and received as a party a total of not less than 150,000 votes.

The amount of the annual grant payable to each of the qualifying parties would be calculated on the basis of 5p for each vote cast for its candidates at the previous General Election.

The scheme for the limited reimbursement of candidates' election expenses would apply to all Parliamentary elections, and to all elections for county

votes cast and payment would be made direct to the candidate.

It is recommended that both the proposed annual grants to the parties and the scheme for the limited reimbursement of candidates' expenses should operate for all Parliamentary and relevant local government elections held on or after April 1, 1977.

But before either scheme can be introduced it would be necessary to pass legislation through Parliament.

Total cost

The total cost of State aid to political parties under the proposals is estimated, on average, at about £24m a year. Of this the annual grants to parties would take about £14,400,000, and the reimbursement of candidates' election expenses £9,600,000 a year (including £3,600,000 for Parliamentary candidates and £6,000,000 for local government candidates).

It is also recommended that the reimbursement schemes should be extended to include elections to the European Parliament and to the Scottish and Welsh Assemblies when these are set up.

On the basis of the last election Labour would receive £573,000, the Conservatives £323,000, Liberals £267,000; Scottish National Party £42,000; United Ulster Unionists £20,000; Plaid Cymru £8,000 and SDLP £7,000.

The total amount of State aid, which would be reviewed once every Parliament, would be roughly equal to 20 per cent. of the combined annual central and constituency income of the main political parties.

But the prime beneficiary would be the Liberal Party which would receive £267,000 additional income on top of the present annual headquarters income (at 1975 prices) of only £96,000. The attraction for the

may even be a case for allowing them to experience it in full. In present circumstances it would be "morally wrong" to provide subsidies when other public aid to political parties is being cut.

The four recognise their hostility to direct aid for the parties is "a gut reaction" but they believe it would be quite wrong to take a highly contentious and probably irreversible step simply to meet a situation which was quite likely to be temporary.

It would distasteful to Conservative taxpayers to give State money to the Labour and Liberal Parties while the Tories refused to accept it—a situation which might well develop.

Direct State aid would arouse the antagonism of voters which would amount to outrage if the aid were to extend to the National Front, the Communist Party and other extremist groups.

There was no guarantee that State money would improve the performance of political parties and it could weaken links between them and their traditional supporters, strengthening the central organisations at the expense of the rank and file in the constituencies.

As a warning, the minority points out that a leading Swedish politician, giving what was intended to be helpful advice, told them: "start small—you can always increase it later."

APPOINTMENTS

Mr. Donald Crimmins has been appointed managing director designate of the EMI (AUS) TRALLA. After a short period of familiarisation with the several enterprises in the group, he will take over full responsibility for its operations as managing director. Mr. J. M. Kuipers, at present chairman and managing director of that company, will remain as its executive chairman. He is also a member of the Board of EMI, the parent concern.

Mr. Richard G. Hall has been made vice president, finance, of EMI TECHNOLOGY INC., a subsidiary of EMI (North America) Inc. He joins the company from Rolls-Royce Aero Engines Inc., New York. Before that he worked for EMI in London, in group finance and international operations.

Mr. G. Lennox and Mr. R. E. J. DUNHILL.

other major parties would be a lessening of dependence on their traditional financial supporters, the trade union movement in the case of Labour and private industry in the case of the Tories.

Arguing the case for State aid, the committee says its considered view is that British political parties frequently operate below the minimum level of efficiency and activity required.

"Party organisation is in a number of cases weak at national level, and at local level generally exists on a pitifully inadequate scale of accommodation, equipment, trained staff and resources."

Financed from traditional sources, the political parties had done no more than kept pace with inflation and maintained their existing inadequate level of activity only at the expense of drawing heavily on reserves.

"Obviously the parties cannot go on like this," the report adds, having found little virtue in either raising affiliation fees or boosting income from traditional sources such as industry and the trade unions.

Visits to European countries where State aid is in operation, particularly Sweden, Austria and West Germany, brought home to the majority of the committee how much could be done to improve the effectiveness of parties in their role of political and national leadership if adequate resources were made available.

Urgent need

"We fully recognise that State aid for political parties represents some additional burden on public expenditure at a time when other desirable calls on the public purse could be fully met. We consider, however, that the needs of the parties are urgent and in the modest form we propose the total cost is small."

"It has been suggested we should delay giving aid until the parties are faced with bankruptcy. This would be too late, more expensive and would gravely disrupt our political and Parliamentary life. Our recommendations amount to a provident stitch in time," the majority report declares.

Report of the Committee on Financial Aid to Political Parties, chairman Lord Houghton of Sowerby, SO: £4.95p.

NUCLEAR ENERGY REVIEW

BY DAVID FISHLOCK

Reactor put in its place

A YOUNG U.S. researcher has recently been casting a critical eye over attempts by successive British Governments to make a success of a business that Britain pioneered—the commercial nuclear reactor. Calder Hall, the world's first nuclear station of commercial size (220 MW), is 20 years old this autumn. But Mr. Edward F. Wonder holds out little hope that Britain has got either its reactor technology or industry right yet.

Writing in the latest issue of Science Policy, Mr. Wonder, now with the Norman Paterson School of International Affairs, Carleton University, Ottawa, thinks the basic flaws of the past two decades are still apparent. He cites expectations held by officials that were "too lofty in several critical areas": an unshaken belief in industrial quarters that U.K. reactors would become a commercial success "despite mounting evidence that this would not be so"; the difficulty many officials have shown in accepting that U.K. reactors might be "economically inefficient"; and the predilection for tinkering with industrial structure rather than tackling more fundamental matters because it is "a seemingly more manipulable factor."

"A certain technological hubris and an almost unyielding political commitment to British technology in general blinded many to evidence contrary to their beliefs of British superiority until 1974 when the weight of events resulted in the adoption of a new technology and of a more reserved approach to nuclear power ordering," the appraisal concludes. "By this time, however, British influence in the world reactor industry had slipped badly."

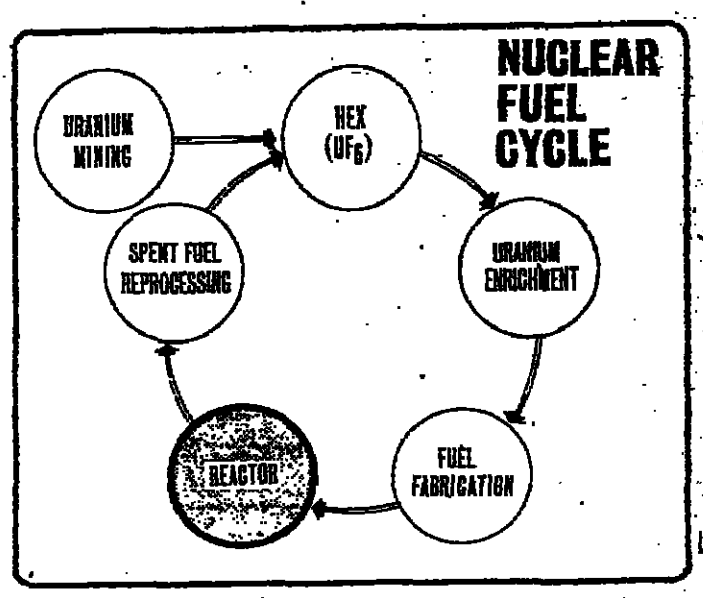
There is evidence now that some of the officials criticised so scathingly by Mr. Wonder—such as Mr. Anthony Wedgwood Benn, Secretary for Energy—have begun to recognise the justice of his criticisms. As a result, Britain could become the first nation to reshape its nuclear industry around the nuclear fuel cycle, so that—like the sketch shows—the once-glamorous technology of the reactor is demoted to become

simply another staging post in the life-cycle of nuclear fuel. Reactor design and construction, at least for the next few years, would tend to contract to become an offshoot of a much bigger nuclear fuel industry in the U.K.

The notion arises for several reasons, not least that in this way the U.K. reactor design and construction industry could

nuclear plant, the Central Electricity Generating Board believes that it will need to order no new stations for several years at least.

BNFL, however, with sales last year of £104m and a pre-tax profit of almost £12m, has already received tacit Government blessing for a major investment in two of its three main factories in the north.



survive a period that promises to be particularly lean for domestic reactor orders, and to yield nothing in exports other than "crumbs" (such as research reactors other European reactor vendors cannot be bothered with). The National Nuclear Corporation and its executive arm, the Nuclear Power Company, would shoulder some of the heavy workload of design and project management necessitated by the reconstruction of the Windscale factory of British Nuclear Fuels.

Already there is a difference of nearly ten to one in the numbers employed by these two companies. Still more to the point, BNFL is expanding. It recruited more than 1,000 new staff last year, almost as many as NPC's total payroll. But with more than 15,000 MW of new generating capacity already commissioned or under construction, one-third of which is

Last month the Department of Energy gave details of fuel cycle investments totalling £715m, of which it had approved.

Part of the investment would be required in any event, to support the existing domestic nuclear power programme. For example, the Government has approved the spending of £245m, on extensions and improvements to existing facilities at the Windscale factory in Cumbria, for the reprocessing of spent fuel from magnox reactors. But most of the cash is required to support the export activities of BNFL, which last year doubled in earnings to more than £12m from more than a dozen nations.

The lion's share, £300m, goes to the Capenhurst factory in Cheshire where the company is building a big gas centrifuge facility for the enrichment of uranium. At the moment this project can claim to be the most

successful nuclear venture Britain has undertaken in the past ten or 15 years.

On the face of it there is less scope, however, for subcontracted work here, of the kind sought by NPC.

As a member of the tripartite Anglo-German-Dutch enrichment organisation Urenco, BNFL will receive a one-third share of orders worth about £200m, picked up by the company last year.

But BNFL believes it can achieve still bigger earnings from the reprocessing of spent nuclear fuel for overseas reactors. Earlier this year it received the Government's blessing to expand its export business—provided its customers contract, if so required, to take back the more noxious radioactive waste.

BNFL has just applied for planning permission to build a large chemical complex at Windscale, called THORP (standing for thermal oxide reprocessing plant). If permission is granted, THORP will be the U.K.'s first integrated plant for reprocessing nuclear fuel.

The cost of a THORP with an annual throughput of 1,000 tonnes of fuel a year is unlikely to be less than £350m, and could be much more, if for example safety standards tightened still further or its capacity was increased. Construction is likely to take seven or eight years.

The design and construction of THORP, with its 5 feet-thick walls of concrete to shield operators from radiation, is therefore a task well suited to the skills, experience and scale of project operations of NPC.

A more political factor that could prove decisive in any formal U.K. decision to make the reactor an adjunct of the nuclear fuel industry is the way BNFL has confronted the emotional and sometimes vindictive campaign against nuclear energy. Where their counterparts in the reactor side have all too often taken to sniping at each other's proposals or some aspect of safety, fuel executives have remained cool, composed and consistent in presenting their case.

KREDITANSTALT FÜR WIEDERAUFBAU
FRANKFURT/MAIN, GERMANY

BALANCE SHEET AS AT 31st DECEMBER 1975

LIABILITIES	DM	DM	DM	ASSETS	DM
1. Banking liabilities				1. Cash in hand	59,156.57
a) to credit institutions	3,662,610,788.97			2. Balances with the Deutsche Bundesbank	130,359,272.45
b) to the Federal Republic of Germany	11,032,044,990.90			3. Balances on postal cheque account	402,064.39
c) to the Federal Lands	96,755,000.00			4. Balances with other banks	
d) to other lenders	1,214,515,324.18	15,965,946,101.05		a) money at call	1,480,482,104.25
of which: funds borrowed with an agreed term or period of notice of				b) with agreed term or period of notice of	
a) less than three months	3,019,248,598.90			ba) less than three months	1,254,058,349.98
b) less than three months but less than four years	1,772,248,380.28			bb) less than three months but less than four years	424,883,541.67
c) less than four years	11,174,451,121.39			5. Cheques, bonds due, interest and dividend coupons	45,322.09
d) of which: due within less than four years	DM14,149,092,364.25			6. Securities	
of which: due or redeemable within less than four years	DM1,954,522,994.50			a) bonds of credit institutions with a term of more than four years	1,070,625.00
2. Promissory notes in circulation		200,000,000.00		b) foreign securities	301,939,829.94
3. Bonds issued				c) Kreditanstalt's own bonds, par value DM11,007,500.00	107,931,868.41
a) bonded loans	2,397,798,970.00			7. Loans and advances with agreed term or period of notice of	
b) medium-term notes	1,100,030,000.00			a) less than four years	57,836,000.00
c) registered bonds	0.00			aa) to credit institutions	246,427,623.50
d) bonds drawn or called up for redemption	22,894,024.50	3,320,722,994.50		b) four years or more	
4. Interest on bonds issued and on funds borrowed with an agreed term or period of notice of four years or more				ba) to credit institutions	10,421,394,676.84
a) accrued interest	211,297,106.07			bb) to customers	6,207,428,365.31
b) interest due incl. interest due on 2nd January 1976	58,602,119.23	269,899,225.30		8. Interest on claims with agreed term or period of notice of four years or more	
5. Transmitted loans and other transactions on a trust basis				a) accrued interest	68,641,525.04
a) transmitted loans to Kreditanstalt's own name		14,738,397,811.73		b) interest due after 31st October 1975 and on 2nd January 1976	18,114,782.15
b) loans on behalf of third parties	295,956,217.06			c) interest in arrears	314,872.93
6. Reserves for special purposes	59,503,730.00			9. Transmitted loans and other transactions on a trust basis	
a) for pension payments	3,303,430.59	63,307,160.59		a) transmitted loans to Kreditanstalt's own name	14,738,397,811.73
b) others				b) loans on behalf of third parties	295,956,217.06
7. Other liabilities		513,502.73		10. Investments	170,815,251.00
8. Deferred items		94,651,356.42		of which: in credit institutions	DM10,015,250.00
9. Capital		1,000,000,000.00		a) real estate and buildings	8,047,363.45
a) statutory reserves	125,000,000.00			b) office furniture and equipment	777,875.77
b) reserves formed from resources of the E.R.P. Special Fund	264,546,478.00	901,289,883.47		c) unpaid capital	850,000,000.00
c) special reserves	511,743,405.47			d) other assets	192,933,993.69
11. Contingent liabilities in respect of guarantees and of negotiated bills	175,620,230.58			e) deferred items	54,403,856.33
				12. Contingent claims in respect of guarantees and of negotiated bills	175,620,230.58
		36,754,728,035.79			36,754,728,035.79

PROFIT AND LOSS ACCOUNT FOR 1975

EXPENSES	1975	DM	RECEIPTS	1975	DM
1. Interest and similar expenses	887,584,374.88		1. Interest and similar receipts	963,315,203.02	
2. Contractual allocation of interest to reserves from resources of the E.R.P. Special Fund	8,723,561.50		2. Current receipts from		
3. Commissions and similar expenses in respect of service transactions	1,139,135.06		a) fixed interest-bearing securities	71,776.39	
4. Depreciation and adjustments on claims and securities as well as allocation to reserves for possible loan losses	25,300,000.00		b) other securities	21,031,394.12	
5. Wages and salaries	29,374,112.61		c) investments	1,081,505.00	
6. Social security contributions	2,611,522.97		3. Commissions and other receipts from service transactions	41,382,887.53	
7. Expenses on retirement pensions and other benefits	10,768,425.96		4. Other receipts, including those from the write-back of reserves for possible loan losses	1,822,546.73	
8. Material expenses on the banking business	11,797,781.46				
9. Depreciation and adjustments on real estate and buildings as well as on office furniture and equipment	830,325.70				
10. Other expenses	4,955,296.26				
11. Net profit for 1975 (allocated to special reserves)	45,800,283.46				
		1,028,705,102.88			1,028,705,102.88

According to our audit, made in conformity with our professional duties, the accounting, the annual statement of accounts, and the report of the Board of Management comply with German law and with the corporation's by-laws.

Frankfurt/Main, 26th March 1976. TREUARBEIT Aktiengesellschaft. Wirtschaftsprüfungsgesellschaft. Prof. Dr. Forster. Wirtschaftsprüfer.

Frankfurt/Main, 5th March 1976. KREDITANSTALT FÜR WIEDERAUFBAU. Dr. Müller Dr. Baur Dr. Becker Dr. Götte Dr. Bröder Dreher.

The Management Page

labour relations
often blamed
in a company fails.
y Dodsworth
ever finds more
problems led
ensen's troubles

Wrong turnings for a sports car

AUCTIONEER'S hammer yet another specialist car seller's dreams at the works last week. Like before him, Kjell Qvale, a car salesman and owner, has been to return in complete dis- substantially the poorer, dogged attempt to turn arms of GT engineering and cash.



Mr. Kjell Qvale, who has just closed the Jensen concern.

But the product, perhaps, is more to do with it: the being able to design a expensive motor car, a potential influence over a most hard-headed busi- ne—so potent, in fact, that use to realise how elusive ill of combining fantasy edible engineering really

bbing shop
Jensen's case the trick ned once, with the Inter- This model launched in as destined to become the classic GT models last decade and was responsible for putting on the map as a car icturer in its own right.

business, which the Jensen brothers had bought in 1931. The Jensens added the produc- of "specials," such as the famous Gable car, a vehicle originally made for Clark Gable on a Ford V8 chassis but then duplicated for other customers as well. After the war Jensen linked up with Austin (for the A40 sports convertible and other models), Rootes (for the Sunbeam Tiger) and Volvo (for the P1800), gaining experience of a whole range of manufacturing techniques with these vehicles. Sometimes it worked on the mechanical components and sometimes bodywork, thus building up the expertise to launch its own range of vehicles.

This vehicle was suddenly and unexpectedly dropped following the merger between the then

British Motor Holdings and Jaguar in 1967. Without this bread and butter line, which had probably been earning the company about £300,000 profits a year, Jensen was precipitated into a financial crisis. Norcross, the industrial holding company which had bought the group from the Jensen brothers in 1959, opted to get out, and the company ended up in the hands of Brandt's, the merchant bank, and under the direction of Carl Duerr, the outspoken and non-traditional management theorist. Duerr brought a new market- drive to the company. U.S.- born, he immediately saw the potential for the Interceptor across the Atlantic, and the next two and a half years were spent in trying to exploit this by building more vehicles and establishing a better distribu- tion network. He failed to make profits, but within a year of Qvale's takeover of the company in 1970, Jensen had turned the corner. In 1972 it made its best profit ever—£200,682, which amounted to about £248 on every vehicle sold.

Qvale's five-year spell at West Bromwich raises several ques- tions about the potential for a company like Jensen. When he took over, he had two basic options before him. On the one hand, he could have soldiered on with the Interceptor alone, possibly trying to find some extra sub-contracting work, as the company had in the past, to supplement its income. Instead he decided to develop a larger volume car of his own which would in effect replace the Austin-Healey.

There is a strong indication that Qvale chose this approach because of his prime interest in his own car sales business in California. Qvale had been one of the most successful distribu- tors of the Austin-Healey, and it was this link which brought him over to the U.K. to buy his 94 per cent. stake in the

company from Brandt's. From the first, he pushed the idea of producing a successor to the Austin-Healey. Donald Healey's designs for such a car were at hand and the Jensen-Healey duly made its appearance in 1973.

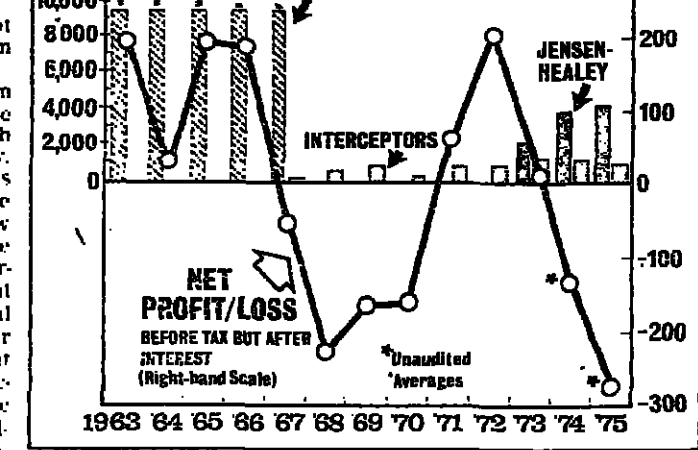
Interceptor
In support of Qvale's decision, it can be argued that companies offering one model in limited quantities as Jensen was doing with the Interceptor are extremely vulnerable to changes in the market place. Limited volume means limited resources to devote to promotional back- up, the distribution system, and the research and development work that has escalated in im- portance and cost with growth of legislative control over the industry. Two models make it easier to attract distributors in some markets (particularly the U.K. and Europe), while spread- ing research and development costs and spreading the risk.

There are, of course, excep- tions to this rule, notably Bristol Cars in the U.K. Bristol has sur- vived, apparently, in good health, while aiming its prod- uct range basically at one slot in the market and adopting an evolutionary approach to de- sign. But it is worth noting that it has existed on its limited production base of about three cars a week without a dealer- ship sales network. The com- pany distributes direct to its customers.

he accused his workforce of not appearing "to give a damn whether we make it or not." One problem that Jensen undoubtedly faced in these years was the speed with which it brought in the new Healey. Many observers feel that this exposed the company to all the dangers of a relatively raw workforce in a period when the labour market was tight. Never- theless, the critics argue that Jensen should not have had real problems with a small labour force of about 1,400, and that the problems lay less in a reluc- tance to work than in the basic design inadequacies, for build- ing purposes, of the Interceptor.

In any case, despite the supposed inadequacies, Jensen made profits in 1971, 1972 and 1973. The real trouble started in 1974 after two significant events—the launch of the Jensen-Healey, and the oil crisis. Between them, these two developments put Jensen in a financial straight-jacket. On the one hand, it had a plan to expand output to 10,000 Jensen-Healeys a year, and had in- vested on that basis. On the other, customers and dealers were taking fright and cutting back on orders. The company was caught with rising charges on its investment in larger scale production just at the time when the chances of covering its position by raising sales was deteriorating.

The financial problems were not helped by Qvale's concurrent plans to make three new cars—a new "flashship" to replace the Interceptor, a model to fall between the Interceptor and the Jensen-Healey and the 1975 Jensen GT.



The chart above shows the varying fortunes of Jensen from its time as a profitable producer of the Austin Healey (pictured above left), followed by its struggle back to profits with the Interceptor, and then its swing into losses after the introduction of the Jensen-Healey (above right).

power units) and is another indication of the difficulties created by the over-hasty develop- ment of the Healey. A chain reaction from these troubles rippled through the company. Qvale was forced to cut his labour force by half and the unions accepted this draconian measure relatively peacefully. It reduced the number of workers to about 700 over rise from £3m. to £14m.—and the new Jensen GT, a derivative of the Jensen-Healey, never exceeded £250,000, and the expansion programme was GT did nothing to help. The tooling for the car was so hastily and inadequately set up that Jensen was forced to use a high and costly amount of labour in its construction. In retrospect, some observers feel that Jensen might have survived the crisis in 1974-75 if it had not been over-extended on its ambitious plan to increase production. The company found itself in a very similar position to that of Foden's, the commercial vehicle manufacturer which was forced to ask the Government for assistance in the middle of its big expansion car company.

Turning it off with Unilever

By Sue Cameron

A UNILEVER company on Merseyside, UML, has hit on a novel way of making money out of the campaign to save water. It is busy selling "Save Water" posters to its local water authority and to any other concern that shows an interest in buying them.

But according to Mr. David Middleton, chairman of UML's energy committee, the company is not really trying to make a profit out of national mis- fortune. For UML, which provides steam and electricity for 10 Unilever factories in the Merseyside area, including the complex at Port Sunlight, first went into the poster business during the energy crisis two years ago. It had posters and stickers designed and printed for its own use and these were so successful that other local companies started asking if they could have some too.

So UML increased its print order and ended up selling 200,000 posters plus 60,000 stickers. It went on to sell a further 180,000 handbills urging people to economise on telephone calls, and now it is applying the same principles to the water crisis.

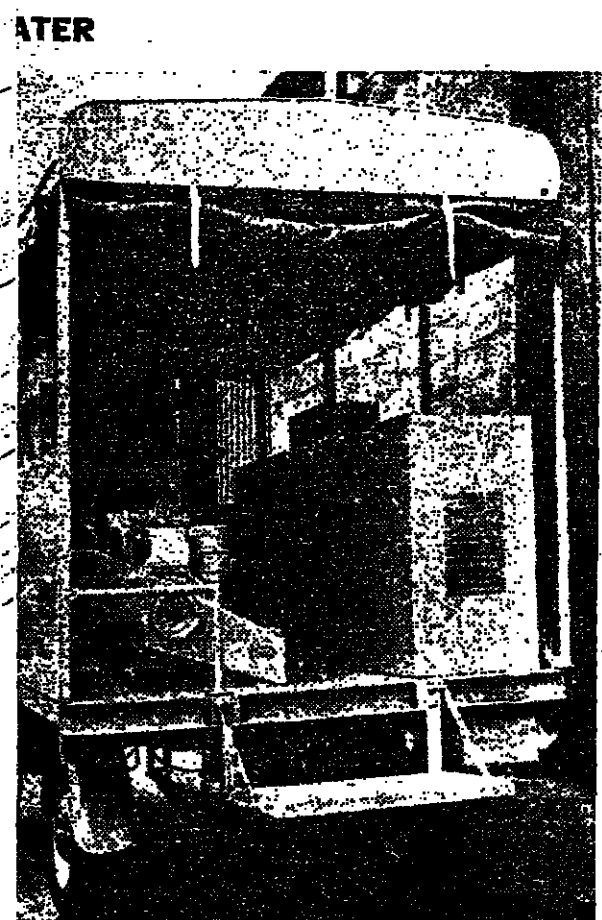
The company's "Save Water" posters and stickers have already been printed, with the posters costing 5p each if they are bought in batches of 200 or more and the handbills between £2.50 and £3 per hundred depending on how many are ordered. One of the posters shows an outline map of Britain with water gushing out of Land's End as if out of a tank and the slogan says "Stop Our Water Running Out."

Mr. Middleton hopes the new bills and posters will sell well but insists his company is "only half in the business of making money" and is more interested in encouraging people to save water.

Merseyside has not yet been hard hit by the drought but UML is already taking steps to stop water being wasted. Spray taps are being installed in all company wash-basins because these use less water and the mechanisms for flushing lavatories automatically are being switched off every night and at weekends.

The Technical Page

BY ARTHUR BENNETT AND TED SCHOETERS



INSTALLATION OF five Carter cooling towers at the Pontypridd factory of Aero Zipp (division of Textron) has enabled the company to recirculate 30m gallons of water per year, to save nearly £12,500 per annum, and to recover the capital cost.

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Encouraging start to current year

Five Year Review	1972	1973	1974	1975	1976
Turnover	£'000	£'000	£'000	£'000	£'000
Profit before tax	11,354	12,044	13,340	19,219	14,071
Profit after tax	28	307	1,232	986	460
Dividends per share	0.8p	*2.4p	*4.4p	*4.84p	*5.32p
Earnings per share	0.3p	2.9p	10.0p	7.9p	4.7p
Net Assets per share	34.7p	44.0p	53.3p	58.4p	63.9p

*Including tax credit

Disappointing results must be considered in the light of the economic conditions prevalent throughout the country which have contributed to continued low level of activity in the non-ferrous metal industry that we serve. However, our trade abroad has made a significant contribution to profits.

Wood Metals achieved excellent figures. Wood Metals suffered greatly in the first five years but recovered well in the last six

Saving water and money

INSTALLATION OF five Carter cooling towers at the Pontypridd factory of Aero Zipp (division of Textron) has enabled the company to recirculate 30m gallons of water per year, to save nearly £12,500 per annum, and to recover the capital cost.

This water purification unit was originally designed for use in the Middle East. Now with water shortages looming in the U.K. the manufacturer, C. F. Taylor (Zwick) of Molly Williams Lane, Welwyn Garden City, has hit the idea of selling similar models here. The model shown here is a 13,000 litres per hour unit mounted on a four-wheel trailer. It is entirely self-contained with a diesel-driven centrifugal pump, filter, chlorine injection system and hoses. Water can be taken from river, lake or pond, filtered and purified and delivered to a storage tank for drinking purposes. It can also be used in conjunction with road tankers, and it is possible to set up an open line feed. The company is a member of the Weir Group.

of the equipment in under five months.

The five fibre glass cooling towers were installed by Carter Industrial Products Ltd, Redhill Road, Birmingham B25 8EY, and were placed on the roofs (or otherwise wasted space) of compressor houses, boiler houses, etc. They have a total capacity for cooling 4,400 gallons of water/hour from a maximum of 86 deg.F down to 65 deg.F.

The cooling water comes from degreasers, air compressors, rolling mills, diecastings, machines and gas generators. The water was previously discharged into the drains after use.

The need to save water has also prompted the Arrow Group company Crawley (Refrigeration) to push ahead with the production of its latest range of industrial water coolers which enable water to be recirculated after it has been heated during a manufacturing process.

Each apparatus incorporates a refrigeration system and there is either a 50 or 100 gallon tank and an electrical control panel. The units are self-contained and delivery only need connection to the water pipe line and wiring up. It is reckoned that a company's own staff could install the equipment in two hours.

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Tanker ballast cleaned

NOW IN full operation at the Phillips Petroleum refinery, Seal Sands, Teesside, is what is claimed to be one of the largest tanker ballast water treatment plants of its kind in the world.

Covering 20.8m. and capable of handling 100,000 gallons a day, the plant was built by G. E. Dickson Environmental Engineering, 62 Woodbridge Road, Guildford, Surrey GU1 4RD (0483 33531).

The plant comprises eight horizontal air flotation cells, parallel- fed by 16 flocculation tanks and eight flash mixers with chemical dosing equipment, followed by a centralised filter control complex incorporating 12 filter beds.

Raw effluent derives from the mixture of sea water taken aboard tankers as ballast, and the residue of oil left in the tanks after normal discharge. The function of the plant is to remove the oil for incineration and return the cleaned water to the sea.

COMMUNICATIONS



These children are hard of hearing and are being taught in a special classroom equipped with an infra-red transmitting and receiving system. It has been designed by Siemens in Germany and, after successfully completing a series of laboratory tests, is soon to be installed in schools for the hard of hearing.

MACHINE TOOLS

Heavy duty radial arm drills

With a drilling capacity of 3 inches and drilling radii of 63 and 79 inches, two heavy-duty radial arm drilling machines have been introduced by Cegielski, Poland.

Spindle motor power is 51kW, and 15 speeds from 12.5 to 1900 rpm are provided. Fifteen feed rates in the range 0.063 to 2.5mm/rev. can be selected. All spindle speeds and feed rates are preselected, and there is an automatic tapping cycle.

High rigidity is stated to ensure accurate drilling—the column on the larger machine has a 20-inch diameter.

Both machines will be at March 76 (Birmingham, September 76) (October 76).

Details from W. E. Norton (Machine Tools), Dorset House Farm Industrial Estate, Orgrave Close, Sheffield S13 8NP (0742 697341).

INSTRUMENTS

Analyses at speed

PUT on the market by LKB Instruments is the model 4400 amino acid analyser. Using the traditional Moore and Stein technique together with a number of novel technological features, the instrument is able to complete a protein hydrolysis analysis in 65 minutes with a

full scale recorder deflection for one nanomole of aspartic acid.

The performance has been achieved using a horizontal 4 x 400 mm ion exchange column cradled in a heating jacket under solid state control to 0.1 deg. C.

A reaction coil operating in the 100 to 150 deg. C range gives maximum colour development in the minimum time of 10 minutes.

The sample volume needed is small—from 5 to 100 microlitres are injected into each cartridge.

Other features include an integral 75-sample refrigerated auto-loader, refrigerated nitrogen storage and a matrix board programmer controlling some 20 functions. More from 232, Addington Road, Slendon, South Croydon, Surrey. CR2 8YD (01 657 8522).

ELECTRONICS

Nodal prober

A DIFFICULTY with using a probe on a printed circuit board under test is that the right contact point has to be found and the probe held in position by a tester who at the same time is trying to follow what the machine is telling him to do.

To increase both the quality and speed of diagnosis, Teradyne has introduced as a complement to the L100 test system, the M150 which is an automatic prober with instructed X-Y co-ordinates.

The same manual probe is used, but in the positioning head of the M150. All that is necessary is to add the device locations as X-Y co-ordinates to the test and diagnosis pro-

CONFERENCES

Three days on charge coupling

THE inventors of the charge coupled device, G. Amelio and M. Tompsett will be giving papers at the third international conference on applications of the devices to be held at Edinburgh University, September 28 to 30.

Conference is being organised by the university in association with the electronics division of the IEE and the Royal Radar Establishment.

Most of the major international companies with an interest will be represented including Bell Laboratories, Fairchild, GE (U.S.A.), Texas Instruments, Ritelcon, RCA, Intel and Philips.

Application forms and further details of CCD 76 are available from Mr. W. Campbell, University of Edinburgh, 16 George Square Edinburgh EH8 9LD. (031 667 1011).

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GRAPHICS

Tools for the artist

A RANGE of tools for the graphic artist has been introduced by Mecanorma U.K., 49, Central Street, London E.C.1 (01-253 1102).

Most interesting among the range is a swivel-blade knife for work involving tight curves, and complicated cut-outs, which the blade will follow without having to "roll" the handle. The blades are supplied in cartridge form for easy fitting.

Standard knives, heavy duty versions, artists' needles (for scoring, cutting, perforating and engraving), stainless steel and plastic burnishing tools (for dry transfer lettering, also made by the company), and a retractable snap-blade knife—the blade slides inside the handle—are included in the range. Two desk packs containing a selection of the tools is also available.

PROCESSING

Flameproof compactor can crusher

EMPTY PAINT cans and tins— or other containers which have held inflammable substances— can be crushed in safety in a compactor developed by Pollution Control Devices and Services, Rampton House, Victoria Street, Windsor, Berks. SL4 1EH (Windsor 67024).

The compactor will take 5 and 24 litre cans, and other containers up to 240mm. dia. (the maximum opening of the chute door). The maker says the equipment is flameproof, conforming to the requirements of BS 229 Group II and III cases or B 4683 Part II (Group 2A and 2B) or equivalent to or suitable for use in Zone 1.

Driven by 2 hp motor, the hydraulic ram exerts a pressure of 7½ tons and the compaction cycle takes 70 seconds. Compaction ratio is 20:1 and the weight of the bale can be adjusted from 50 to 200 lb—bale size is 26 x 18 x 21 inches. A three phase supply is required. The machine is 51 in. high, 31 in. wide, and 22 in. deep and weighs 1,200 lb.

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FRIDAY, AUGUST 27, 1976

Trust in the gut feeling

THE HOUGHTON Committee's report on the case for providing political parties with State financial aid begins by pointing out that the State already provides MPs with a salary and an expense allowance and helps in various ways towards meeting the cost of elections. It then goes on to describe how badly off the main political parties are, both at central level in the scale of the research effort they make and at local level in the number of paid agents and the quality of accommodation—in all of which respects they provide a dismal contrast with those countries on the Continent which have recently begun to subsidise party organisations.

It suggests that the financial strains on our own parties will be increased by the establishment of local assemblies for Scotland and Wales and the growing importance of the European Parliament and that an essential element of our democratic system is therefore in danger of atrophy; indeed, it suggests that there may be a connection between the poor financial state of the political parties and the country's failure to overcome its economic problems. It therefore proposes that the State should provide some £21m. a year to be divided between the headquarters of political parties according to the votes gained at the last election (with a cut-off) and the partial reimbursement of expenses of Parliamentary and local government election candidates who get a minimum number of votes.

Small price

The State contribution recommended is not large—it represents about one-fifth of the current estimated total income of the parties—and one may be tempted to assume, with the general secretary of the Labour Party, that it is "a small price to pay to preserve our free democratic way of life." Leaving aside, however, the fact that the cost of such a scheme, once launched, would almost certainly grow rapidly, one must ask whether state subsidies to the parties are in fact likely to promote this way of life. The minority report submitted by four of the Committee's twelve members begins from "a gut reaction" against

Noes have it

But there are a number of subsidiary practical points which the minority pushes home. Fund-raising is an essential part of local political activity. A further strengthening of party headquarters at the expense of constituency workers would not necessarily be desirable. The apparent advantage of reducing the dependence of the Labour Party on trade unions and of the Conservatives on donations from business might in fact turn out to be a disadvantage, since the legitimate representation of these interests (among others) is preferable to the state interference which would almost certainly be a result of state subsidy. We have no doubt that the minority is right, that no immediate action is called for, and that if it later turns out to be needed it should take the form of a larger contribution towards election expenses. Meanwhile, it is disquieting that 38 per cent. of those questioned in an opinion poll commissioned by the Committee agreed with the statement that "we would be better off with just one national party."

Miracles do take much longer

THE STOCK and investment figures for the second quarter of this year, issued yesterday, add to the growing body of evidence—notably the recent figures for output and employment—that the recovery of the British economy from its worst post-war recession is proving much slower and more tentative than some forward evidence suggested in the spring. The investment figures, it is true, are at first sight a little encouraging: spending seems to have levelled out at a considerably higher level than was suggested by the official surveys of investment intentions towards the end of 1975. The drop in volume seems to be about 12 per cent., rather than 20 per cent. However, it should be remembered that the revival of confidence and the talk of export-led growth and even of economic miracles began some time after this survey was taken, and more recent soundings of business opinion had suggested that the fall would be rather less than forecast—as indeed such falls usually are. A levelling out of investment at a rate more than 20 per cent. below its peak in 1974 is hardly a revival.

Less building

The more detailed figures only drive the message home. Building work, the most reliable indicator of expansion and of new projects, is down by some 30 per cent., and still falling. Investment in plant and machinery, often associated with efforts to reduce labour requirements, has fallen less dramatically. Spending on vehicles, deferred during the financial squeeze of 1975, has revived. The distributive trades show a very similar pattern, though the fall in distributive investment in the last year has been much less than in manufacturing. The fact is

Accusations have been made that Burmah Oil has improperly applied for U.S. Federal grants for carrier contracts. Stewart Fleming and John Wyles investigate.

Burmah's contracts carry a cargo of problems

RECENT allegations in American and Japanese newspapers that the Burmah Oil Company has made secret payments to secure liquefied natural gas contracts, as well as improper application for U.S. Federal shipbuilding aid, could hardly have come at a more embarrassing time for the company. In more than 18 months of struggling for survival, it has had more than its share of difficulties. But even Burmah's battered executives have been shocked and angered by what they say is a malicious campaign to upset and deny them a deal which is absolutely vital for Burmah's future.

Publication of the allegations, subsequently denied by Burmah, in the *New York Times* last week came just as two of the company's main Board directors, Mr. Stanley Wilson and Mr. Campbell Anderson were in the thick of negotiations with Japanese gas utilities, which could clear the way for the potentially profitable operation of five liquefied natural gas (LNG) carriers by Burmah in a new Indonesia to Japan LNG trade.

In the short term, the negotiations will also influence a proposed deal which would relieve Burmah of a \$9m. a month drain on its resources, represented by progress payments on the five LNG carriers for the trade being built at Quincy, Massachusetts. Burmah has tenaciously clung to this shipbuilding programme, at a total cost so far of \$140m. (£78.6m.) while at the same time raising some £530m. through the disposal of a large proportion of its North Sea interests, of the Signal Oil Companies in America and its Australian gas and oil interests.

A profitable growth area

There is no shortage of companies with LNG carriers in the water or on order, which would hope to step in if the Burmah deal with Pertamina, the Indonesian State oil company, should collapse. For the last five years LNG trades have been generally expected to be a profitable growth area for shipping and in anticipation of this, more than 50 large gas carriers have been ordered from the world's shipyards—some of them capable of carrying enough gas in one voyage to heat a city of 85,000 people for a year. Because of their technical sophistication, the ships are difficult to build and among the most expensive to buy—\$155m. for 1979 delivery of a 125,000 cubic metre vessel. By no means all these ships have been ordered by companies which, like Burmah, are already

holding transport contracts. Burmah has agreements to supply at least 10 ships, three for an Algerian-U.S. project due to start up next year and seven for the Indonesia-Japan trade. The Algerian contract was awarded in October, 1972 by Easogas (a consortium of major U.S. utility companies) after Burmah had decided that LNG transport was a desirable area for diversification, and when it was also chasing the Indonesian contract. This was finally landed at the end of 1973, by which time Burmah had ordered speculatively a further three LNG carriers and taken options

building ships in home shipyards. As a British company, Burmah would not qualify for either form of aid if it were to own the ships, but it says that from the first its strategy was to try to secure financing by U.S. institutions who would charter the ships to a corporate U.S. citizen who in turn would time-charter to a U.S. subsidiary of Burmah which would not own any of the equity.

According to the U.S. Maritime Administration, this route has succeeded in winning Federal shipbuilding aid for a number of other companies, including the Ultramar, Shell and the ill-fated Maritime Fruit Carriers. The approach has succeeded in securing both subsidies and loan guarantees for the three ships intended by Burmah for the Algerian-U.S. trade. They will be financed primarily by Citibank First National Bank of Chicago and the GATX Corporation, and will be chartered to subsidiaries of Energy Transportation Company and then on to Burmah subsidiaries. However, Burmah's efforts to finance the first five ships for the Indonesia-Japan project in a similar fashion came unstuck, and were abandoned late last year. But it is the applications made on behalf of those ships for Title 11 aid (they would not be running into U.S. ports so would not qualify for construction subsidies) which the *New York Times* alleged last week were fraudulent. Vigorously denying the charge, Burmah says that it had to drop its initial financing scheme because of the company's general financial weakness which shook the confidence of the proposed investors who included Bankers Trust, Chemical Bank and Continental Illinois Bank.

After unsuccessful talks with I.U. International, a multinational company, whose shipping subsidiary Gotaas Larsen has three large gas carriers on order without firm prospects of employment, Burmah and General Dynamics announced earlier this year that they were close to rearranging financing for the Pertamina ships. The proposed scheme, which has not yet been finalised, would involve General Dynamics as an equity partner with a direct investment of some \$150m., the proportion of costs not covered by Federal loan guarantees. This avenue is seen by many as

financing involves Energy Transportation. This company was created specially to handle Burmah's LNG contracts, although it is not a simple matter to get a simple order without firm prospects of employment. Burmah and General Dynamics announced earlier this year that they were close to rearranging financing for the Pertamina ships. The proposed scheme, which has not yet been finalised, would involve General Dynamics as an equity partner with a direct investment of some \$150m., the proportion of costs not covered by Federal loan guarantees. This avenue is seen by many as

Energy Transportation and its subsidiaries have a staff of over 30 people and offices in Japan, New York and at General Dynamics' Quincy yard. Even some of those involved in Burmah's LNG programme concede that

the Japanese, huge losses going to be suffered by some of the participants. General Dynamics has undertaken to build the first five ships, ordered to Pertamina for a \$90m. each. Building price around 60 per cent. higher although General Dynamics claims to have insulated against the worst effect of inflation by placing fixed contracts for materials years ago. Moreover, as an investor in the ships the business will qualify for highly favourable tax allowances under Federal aid scheme. However, technical difficulties in the spherical aluminium, which are an integral part of the ships' design are believed to have added greatly to company's construction.

These problems have delayed the shipbuilding programme and although General Dynamics hopes to deliver first vessel by the end of there are considerable doubts about its ability to do so. Ship is sitting in the water tanks having not yet been stalled. This installation is a lengthy process, and necessarily be followed testing programme which consume yet more time. In constructing the liquefied plants in both Algeria and Indonesia have given General Dynamics a breathing space the possibility that Burmah have to charter one of the LNG carriers belonging rivals cannot be ruled out.

Against this complex a certain background, it is seen why Burmah and its allies are disturbed. *New York Times* alleges clearly political pressure. Their rivals could make a case for investigations more than there is evidence some of the attacks on it have been inspired through Congressional committee.

Japanese newspaper

Equally, Burmah is anxious about the allegations which it is investigating. It made improper payment to secure the Indonesian contract. The company has so far that it knows of no such payments nor of others, all a Japanese newspaper to Japanese shipping officials. Efforts may well now be in U.S. political circles. Burmah's bid for Federal aid for the Pertamina ship would almost certainly moves by an anxious Government, and the administration will not contemplate the potential age to one of its major yards which would be the loss of the gas carrier contracts.

MEN AND MATTERS

A young evangelist

Noon to-day sees the annual meeting of William Reed and Sons. An unremarkable event in many ways: it is a solid, Leeds-based, textile group; in the last financial year there has been a small drop in pre-tax profit (from £332,000 to £326,000); and there is no qualification to the accounts.

Much more interesting is the fact that the meeting will be addressed by a new chairman, Geoffrey Ferguson Lacey. "In his 28th year" as he describes himself, he bought Dowgate and General from Christopher Selmes some years ago, and that brought him his first stake in Reed: a wholly owned subsidiary of Dowgate—Birmingham and Midland Counties Trust—held 29.9 per cent. of the equity in Reed.

To cut a long story short Lacey and his equal partner, Cecil McBride—now control 67 per cent. of Reed through Birmingham and Midland, having made an offer for the outstanding equity. But what Reed shareholders probably do not know is that their new chairman is an Evangelist, as well as an exceptionally successful entrepreneur.

A member of the Plymouth Brethren, Lacey started with no capital, and made his original stake out of acting as sales agent for an alling paint company. This money was invested in property in the late 60s—not an unusual idea at the time, except that Lacey placed it in Northern Ireland and judged his moves just right vis-a-vis the "troubles."

While still a minor, Lacey persuaded Norwich Union to put £300,000 into the first covered shopping centre in Northern Ireland. In that situation perhaps his evangelical beliefs may have helped—but what about the problems of running a public company on a high moral plane? There are, he



"As far as I'm concerned, 20 minutes' parking time is better value than five years of any Government."

Ryder: Stephenson is chairman of Butterworth, a subsidiary of Ryder's old firm IFC. The new managing director is Brian Holdsworth, who has been the head of Twinlock's conspicuously successful international side.

A meeting will be held next month to get agreement for the reorganisation, and fireworks from the dissenting Webb camp (Twinlock says in documents outlining the NEB proposals that it "understands" Webb is against the idea) must be a possibility.

Webb, who as chairman of Alliance Property was involved in a couple of epic tussles in the early 1970s in on Twinlock's Board thanks to its acquisition in 1975 of The Shannon group, Shannon had been controlled by Webb's Investment Company and the take-over left him with a 9.8 per cent. equity stake in Twinlock and holder of 40 per cent. of the group's £2.7m. nominal of Loan stock.

into a fight, he will almost certainly be outgunned by the other interested parties. Webb was deputy chairman of Twinlock for a while and still is usually to be found at work in the company's offices. Yesterday he was at the former Shannon headquarters at New Malden but was unavailable for comment.

On the House

It had to come, though cynical electors may still doubt whether it is possible. A new magazine is starting in October with the avowed intention of telling MPs and peers "what is going on in Parliament." Mockery aside, a most unusual publishing idea is involved. Mike Thomas, Labour MP for Newcastle East, is starting a "strictly non-party and non-partisan" weekly aimed at giving members of the Commons and Lords up-to-date information on Parliamentary affairs.

The House Magazine (a gift of a name that only occurred to Thomas and colleagues late in the day) will also contain an "affectionately irreverent" (why is that phrase always used?) column on Parliamentary gossip by an unidentified lobby correspondent. Nothing like a house journal for Parliament has been attempted before. All members will get a copy and Thomas hopes advertising revenue will keep it going.

Broadly speaking?

The following appeared in the staff magazine of a Manchester company: "Mr. ... who had joined the firm as a junior over 40 years ago and had grown with it, meant that there were now two vacant seats on the Board."

Observer

Who saves safely and sleeps soundly

The Leicester Investor.

Many forms of investment are nail-biting affair present. But the Leicester Investor gets the double of a worthwhile return on his money and a reassured sense of security knowing that his savings are really The Leicester is a very big, very experienced building society with 125 branches and assets of over £850,000,000. An account at the Leicester is safe and sound. And that in turn lets you sleep. Safe and sound.

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Dublin on the offensive against the IRA



Irish Prime Minister Liam Cosgrave (left) and the public faces of the IRA (left to right): David O'Connell, Rory O'Brady and Joe Cahill.

MEMBERS of the Irish die's Opposition party... A Fail spend the next few... the controversial... of anti-terrorist laws... by the Government... could be forgiven for... minds back with a... irony to December 1972... were then in office... the Bill which since... has provided the main... weapon in the... the fight against... Fine Gael, the major... in the present coalition... openly split on its atti... to the Bill, particularly... part which allows the... of a senior police officer... defendant is a member... IRA, to be taken as... as saved from the con... of that split only by... explosion of bombs in... which put an end to... and conscience... Now Fine Gael has... that even the present... o not go far enough and... Fail is left to devise an... which will allow it to... duty as an Opposition... appearing equivocal on... and order issue... ed from the British side... the IRA has not left it... each turn of the screw... the fact that the IRA... years now the screw has... and that the trend... sh policies has been a... s ever more pressure on... A and its front organisa... trend may have been... at times by the IRA... loophole in the extradi... which allows people to... for serious crimes... in Ireland and Britain to... in the South—a loophole... the Law Jurisdiction Act... minor but publicised

Prestige
The question whether the laws are too harsh or not depends on one's assessment of this threat. The South may not have endured anything like the horrors of the North but IRA has not left it entirely untouched. Banks and trains have been robbed, prisons damaged, the Special Criminal Court attacked and one policeman and a Senator have died at the hands of the gunmen. And, of course, there was the assassination of the British Ambassador, Mr. Christopher Ewart-Biggs. It would be wrong to attribute the package of legal proposals entirely to IRA's most direct attack on the State and its damaged prestige, but the Government sets considerable store.

Stalemate
He knows that this is not how the situation will be seen by opponents of his present security policy, opponents who are to be found in the senior ranks of the British Army as well as the Conservative Party and Ulster Unionists. After the death of Mr. Ewart-Biggs, British sources quietly made it known that it would not really be helpful if Dublin were to react to the Ambassador's murder. Northern Ireland Office officials may feel, after the comments of Mr. Airey Neave and Unionist leaders, that the danger they foresee has become a reality. Their fear is that a concerted drive by the Southern authorities against the IRA could be a state of emergency caused by the outbreak of World War II. When the proposals do become law their impact could be considerable. They contain powers which could be used to put away for long periods the "public faces" of the Republican movement—men like Mr. David O'Connell, Mr. Joe Cahill and Sinn Féin leader Mr. Rory O'Brady, as well as any IRA members caught for specific crimes. Its new powers of search and arrest could bring the Irish Army into direct confrontation with the IRA in a way which has not really happened in all the seven years of violence.

Stalemate
But the most significant and unpredictable effects could be on the Northern situation. The U.K.'s Northern Ireland Secretary, Mr. Merlyn Rees, welcomed the proposals as bringing Southern law into line with that of the North but he may well have done so with a rueful air. It is going too far to suggest—as some have done—that the anti-terrorist legislative proposals are only a smokescreen to divert attention from the economy, but the proposals probably do illustrate that history and experience make Irish Governments much more sure-footed in dealing with subversives than economists. The Government may well be prepared to take reasonable amendments when the proposals come before the Dail but in the end its majority will ensure that it gets through those laws which it thinks necessary. Nor is there any reason to suppose that there will be a significant backlash from voters who think their democratic rights are being eroded. The Irish tend not to get overworried about the nuts and bolts of civil liberties. It must have come as a surprise to many

Stalemate
In fact, despite all the ballyhoo, even the proposed new laws in the Republic do not seem any further than the battery of emergency legislation already in existence in Northern Ireland. There is substance in Mr. Rees's claim that what is needed is not new laws but ways of making the existing laws work. It has been left to Mr. Austin Currie, one of the leaders of the Catholic SDLP in the North, to put his finger on what is perhaps the nub. He pointed out that the South is able to pass and implement this kind of legislation because the vast majority of its people support the State and its institutions. In the North the majority do not. To that extent the Republic can be said to have only a security problem while the North has a security problem arising out of a deep and so far intractable political problem. That is why, irrespective of the success of Dublin's new offensive, a real solution to the Irish problem can only come from within Northern Ireland rather than from south of the border or across the water.

Letters to the Editor

Productivity in British Rail
Mr. G. Williams.
I would like to reply to H. Heath-Saunders' letter (25) concerning the closing of British Rail. The white collar may have a point but applies to most industries about the country. As a clerk guard at Cardiff I like to point out to Mr. Heath-Saunders the following given by conductor on train guards. They carry announcements on inter-rails, replace train tickets, booking clerks and on unstaffed stations, signalmen on ground and secondmen on locomotives. The most versatile British Rail have last collected over £2,000 in fares in addition to a amount of money on pay with the use of a e. All this is done in n to guards' duties and the wages of the above at no extra cost to British Rail. It would be the only hat would have agreed to productivity without demand pay, in fact under the and for April 26 a guard's ay for overtime and Sun-ork has been reduced. tivity indeed. Williams. Stralla Road, South Wales.

Dangerous substance
From Mr. S. Hill-Smith.
Sir—There was Common Land are danger in 1984. It may be have to several people to see what is recorded in County Sessions minutes:—"It is found by experience that the 'taking' of tobacco is very commonly used and taken of late in streets, lanes, stables and out-houses in several towns, and parishes, and may be of dangerous consequences and cause the firing of houses or towns if not prevented." It is therefore ordered that no persons shall hereafter "presume to take tobacco in any streets, etc." and that all constables, headboroughs and other officers shall make diligent search and enquiry for such persons... and that, if they shall find any such person, they are to arrest them, and bring them before the Justices."

Our budgerigars or our violets
From Mr. W. Courouf.
Sir—Let Mr. Howell ration us if he must, but please may we decide ourselves what to watch die—our violets or our budgerigars. W. J. Courouf, Neotale, Westhumble, Surrey.

Lawns, flowers or vegetables
From Mr. E. Roynham.
Sir—Once again we are able to look to the Financial Times to provide the still valid voice of calm, this time by Robin Lane Fox (August 25) when he clearly drew the distinction between private individuals watering vegetables as distinct from lawns and flowers. I wonder whether it is too much to expect the country's newly appointed "water referee" to re-examine this topic and to conclude that it is in the nation's interests to let private vegetable growers at least use with discretion some water to keep their crops alive. Incidentally, I have the same problem as Mr. Fox and if I had a solution of connecting my bathroom to my vegetable plot (50 yards away) I will let him know. E. A. Raynham, Plant, 29, Syke Close, Ivor, Bucks.

Surtax warning on pay packets
From Mr. L. Huswell.
Sir—From the facts cited by Dr. E. Bateman (August 25) it would seem that the oil-rig worker to whom he refers has not heard either of personal reliefs or allowances, which makes one wonder whether he is real. L. A. Huswell, National Westminster Bank, Trustee and Income Tax Department, Hyde Park Branch, 1a, Grosvenor Gardens, S.W.1.

Well informed oil riggers
From Mr. R. Prior.
Sir—It is a pity that Dr. Bateman's knowledge of personal taxation (August 25) is not as up to date as the pay levels of the oil-rig workers to whom he refers. Let him be assured, however, that the higher rates of tax (previously called surtax) have for several years been deducted at source and there is no need therefore to "include a Government surtax warning" on the pay packets of "highly skilled workers" whose knowledge of the tax liability on their £20,000 per annum jobs is probably superior to that of the doctor. R. F. C. Prior, Sutherland House, 40, Culterden Down, Tunbridge Wells, Kent.

Demand for hardwoods
From The Chairman, Vincent Murphy and Co.
Sir—May I, as a leading independent hardwood importer, strongly deplore a most misleading article in your issue of August 24 headed "Downward shift in hardwoods demand"? Your special correspondent is doubtless a statistician and not a trader with his feet upon the ground, and as one of the latter, I find the business generally is reasonably buoyant, considering the holidays, and the prospects far above those indicated in this gloomy and unnecessary article. It is obviously based on Government statistics and even if these are relied on, they show stocks at June were the lowest for two years, and only 57 per cent. of the figure for March 1974. Despite these low stock figures, new contracts so far placed in 1976 average only 10 per cent. over 1975. The greatest concern is that shown over the 411,000 cubic metres outstanding contracts, and a later reference is made to West Africa among others. Are we permitted a wry smile at wondering how many of such contracts will actually be honoured, placed as they were on a much lower market? J. V. Murphy, 74-76, Derby Road, Liverpool.

Safety at work
From The Deputy Director, General, Health and Safety Executive.
Sir—I am sorry that Mr. Gregory (August 25) is not helped by David Fishlock's article about my views on health and safety at work, because I am very much on the side of Mr. Gregory. Fortunately his fears about the validity of our "new industrial health and safety set-up" are probably exaggerated. The Health and Safety at Work Act specifically validates actions of the executive, even if it transpires that these are relatively minor "defects" in the appointments of individual members. We believe that our inspectors have been properly appointed, but even if the courts show us to be mistaken in this, the whole framework of the

Cause and effect?
From Mr. D. Wilmet.
Sir—I was interested to read Observer's reference (August 23) to top economists and my immediate reaction is to think how the economic standing of the country had sunk in direct proportion with the increase in top economist, employed by the Government, half a dozen in 1961 against 400 today. Is there some connection in this? D. G. U. de B. Wilmet, Amery Cottage, Amery Hill, Alton, Hants

Independence for Namibia
From the South African Ambassador.
Sir—The strongest possible protest must be lodged with you over the use of an inordinately rude and inappropriate heading to a report which you published on South West Africa (August 23). "Namibia independence Boer Style" does not even remotely reflect the contents of the report and is surely not in keeping with your professed high standards of ethics and taste in journalism. It also needs to be pointed out that in the rather one-sided and incomplete report the impression is given that independence is being fobbed off on SWA. The contrary is true. The South African Prime Minister and the Minister of Foreign Affairs have repeatedly stated that South Africa will under no circumstances dictate any aspect of the proposed independence. In view of the above and with reference to the independence proposals of the Constitutional Conference, it is nonsensical to suggest "above all, there was nothing about whether South Africa supported the agreement" simply because the South African Prime Minister has repeatedly stated that the future of South West Africa will be decided by the people themselves and no one else, which obviously includes South Africa. It is, therefore, totally irrelevant whether South Africa supports or rejects the proposals for independence. To also repeatedly state that there are a great number of matters that need clarification, seems an unfortunate obscuration of the central issue, namely the self-determination and independence of the peoples of South West Africa—at this stage this is all that matters. It is suggested that you refer to the original statement of August 18, 1976, before embarking on unnecessary speculation. During the first session of the Constitutional Conference in September, 1975, a declaration of intent, containing certain principles and intents, was issued. "We hereby confirm the said declaration of intent and also confirm our conviction that it presents the way to a true and lasting solution for our country's problems. A thorough reconnaissance was made of the various aspects of the situation in its entirety and we are grateful to announce that we are in principle in agreement on the most important aspects. In particular, we would like to refer to the following: "The Committee is in agree-

Health and Safety at Work Act
The Health and Safety at Work Act is widely held to be one of the most important pieces of safety legislation ever passed in this country. Certainly this is my view. The Act's obligations are far-reaching and, with persistence by all concerned, the obligations can be brought into effect increasingly thoroughly. Of course we are short of resources—who isn't?—but our resources have increased in the past 18 months and we are deploying them to better advantage. Of course the unsatisfactory interpretations of the past will persist for a while—education is a slow process. My point is that we have a weapon for health and safety that is better than we have ever had before, and that we need to have it used to its full, to provide instant solutions, but it is very powerful. I hope that Mr. Gregory will feel that he can join us, at least in spirit, in perfecting it and using it. Finally, a rocket-assisted device to help a person to get up, I did not say it would happen—drilling

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To-day's Events

GENERAL
Prime Minister returns to London this morning after three-day visit to the U.S. Mr. Denis Howell, Minister responsible for water conservation, tours south-east Wales. Pre-1900 Times newspaper fishing boats race from Gravesend (10 a.m.) to Tower Bridge (12.30 p.m.) to mark start of 1976 oyster season. European Model Railway Festival opens, Central Hall, Westminster, today (September 4). **OFFICIAL STATISTICS**
Department of Environment issues figures of new construction orders for June. **COMPANY RESULTS**
Allen Harvey and Rose (half-year), Wagon Finance Corp., (half-year). **COMPANY MEETINGS**
Essex, Produce, Winchester House, E.C. 2, Jackson and Sons, Steeples, Gloucester, 12. Lees Three-quarter Ton World Cup (John J. Gleeson, 12. Lennons championships, Plymouth. **MUSIC**
Royal Philharmonic Orchestra, conductor Alan Doral, with Manoua Parikian (violin) and Erling Blomd Bengtsson (cello), play works by Richard Rodney Bennett (Zodiac—L.R. premiere), Brahms (Concerto in A minor for violin and cello), and Beethoven (Symphony No. 5 in C minor). Royal Albert Hall, S.W.7, 7.30 p.m. **SPORT**
Golf: Carrolls Irish Open, Portmarnock; British girls' championship, Fole and Kenzie, Portmarnock. Swimming: National championship, Leamington, 12. Leas Three-quarter Ton World Cup (John J. Gleeson, 12. Lennons championships, Plymouth.

Mrs. Thatcher at Polaris base

MRS. MARGARET THATCHER, the Opposition leader, yesterday began an official visit to the Clyde, submarine base near Hensburgh, Dunbartonshire, with a guided tour of the Polaris submarine Revenge. Later she inspected the married officers and their sailors' families at the base, which is the home of two submarine squadrons.

Suit makers' week cut
ALL 700 workers at the South Shields tailoring factory of John Collier are to go on a three-day week from next week. The company said there had been a fall in orders for made-to-measure suits because of the economic situation and the long hot summer.

PSIT

Property Security Investment Trust Limited

RENTAL INCOME UP : DIVIDEND INCREASE

Extracts from the statement by the Chairman, Mr. A. R. Parry—

- With the return to free market conditions in the year to 31st March 1976, tenants and investment values showed considerable improvement and we must now hold ourselves in readiness for an upturn in the economy which will create an immediate requirement for additional industrial accommodation.
- As a result of the improving property conditions, the directors recommend that the dividend be increased by the full amount permitted. Dividends for the year will total 1.6855p per share (1975 - 1.5459p).
- During the last 2 years gross rental income rose from £1.71 million to £2.73 million, and net property income from £1.33 million to £2.27 million. Bank borrowings fell from £21.18 million to £16.28 million whilst long-term mortgages rose from £4.57 million to £8.4 million.
- The sterling value of the group's foreign currency borrowings has increased with the fall in value of the pound, but this has been more than offset by increases in the sterling value of the overseas assets.
- The letting of our office development, The Triad, Bootle, continues. On the industrial sites at the Tyne Tunnel Trading Estate, at Goolle, Altrincham and Kirkby, further lettings were completed during the year and we have several current enquiries for new lettings. Work continues on the developments at Tyne Tunnel and Stretford, and during recent months we have commenced the development of small office blocks at Uxbridge and Basingstoke. Overseas, we benefited from the indexation of rents on the Brussels office building and the Munich industrial property, whilst development continued on the industrial estate at Weesp, near Amsterdam.
- Included in our stock of land of several hundred acres, is approximately 80 acres on the outskirts of Basingstoke. The greater part of this land has been designated "industrial" and the Lands Tribunal have confirmed a compulsory purchase order made by the Local Authority who have given notice of appeal against the decision. If the appeal succeeds we should be able to develop the land as an industrial estate. Clearly, an industrial development of this size in the south east of England is of major significance.
- It is intended to have a professional valuation of the United Kingdom assets as at 31st March, 1978 for inclusion in the accounts made up to that date. A decision as to whether the overseas properties will be revalued at that time will be made later: if they are not, the directors will express an opinion of their value.

	(£'000)	1976	1975	1974
Gross Rental Income	£2,734	£2,151	£1,712	
Net Property Income	£2,265	£1,762	£1,331	
Attributable Surplus	£528	£594	£514	
Dividends Per Share	1.6855p	1.5459p	1.5459p	
Share Capital & Reserves	£11,526	£9,134	£9,472	

Copies of the complete Report and Accounts may be obtained from the Secretaries, W. H. Stentford & Co., 23 College Hill, London EC4R 2RT.

COMPANY NEWS + COMMENT

Photopia International slips to £0.63m.

ON TURNOVER of £6.7m. against £6.71m. pre-tax profits of Photopia International fell from £669,851 to £627,633 for the year to April 30, 1976 after £388,753, against £408,038, for the first half.

Full year earnings are shown to be down from 8.33p to 6.08p per 25p share. As promised the final dividend is 0.85p net for a maximum permitted 1.287p (1.17p) total.

Turnover was £6,703,332, 6.11% above the £6,329,739 of 1975. Interest received was £43,119, 14.1% above £37,600 of 1975.

Net profit before tax was £627,633, 6.08% above £588,753 of 1975. After tax profit was £408,038, 6.08% above £388,753 of 1975.

The chairman, Mr. C. G. Strasser, points out that almost the whole of the year coincided with the period of 25 per cent VAT. This rate applied to most of the group's products.

Mr. Strasser has again waived all entitlement to the year's dividend and has asked for a ceiling on earnings derived from commission on profits before tax.

The stock level as at April 30, 1976 is materially higher than a year earlier and is in line with levels held during the year. This also reflects the additional capacity of the three warehouses, all within the head office site and all now fully operational.

During the year product ranges have been increased by new models for existing suppliers and also the addition of some new agencies, particularly in the audio and electronics field, including electronic digital watches.

Mr. Strasser is reasonably confident that the current year will be a better one. Sales for the first quarter are up 4.8 per cent, on the same quarter of the previous year.

comment

Considering the difficult conditions experienced by photographic distributors lately, Photopia's first-half performance—profits 9 per cent lower on virtually static sales—is not bad going. The group blames all the downturn on the 25 per cent VAT imposition in April, 1975 and illustrates its point by presenting a VAT figure of 135 per cent, up on the previous year's level. However, it does not follow that the subsequent halving of VAT in the last budget will lead to a boom in sales of photo-

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graphic equipment but the group reckons that demand is slowly improving. Although the devaluation of sterling is pushing up cash position has also remained strong—resources are around £20.4m—and the shares, which are yielding 8.2 per cent at 25p (par value), on a p/e of 4, have some attraction.

Sunbeam Wolsey recovery

A RETURN to profit is reported by Sunbeam Wolsey, with £134,000 pre-tax for the first half of 1976. This compares with losses of £303,000 for the corresponding period and £353,000 for the last full year.

The directors are confident that the budgeted profits for 1976 will be achieved. However, the problems of last year are still with the company and some operations remain unprofitable. The resolving of these problems will have a vital effect on the group's future, they say.

Tax for the six months takes £30,000 (credit £270,000) leaving the net profit at £104,000 (£333,000 loss).

Turnover for the six months takes £134,000 (credit £270,000) leaving the net profit at £104,000 (£333,000 loss).

comment

With its greetings cards pitched at the more expensive end of the market W. N. Sharpe is vulnerable to trading down by consumers. This is particularly so on seasonal cards such as Christmas and Easter. Against this background it is hardly surprising that volume has eased and trading profits are down 2 per cent before higher investment income. For the rest of the year the group reads the trading pattern as similar to last year, so a prospective p/e of around 4 at 35p looks likely, while the maximum yield is 8.8 per cent. The balance sheet meanwhile remains as sound as ever.

Standstill at W. N. Sharpe

RESULTS for the first half of 1976 at fine art publishers W. N. Sharpe show little change. Turnover was £2,322m, against £2,177m, and, including investment income, up from £2,349m to £2,357m.

Profits were marginally higher at £798,948 compared with £795,805. Tax absorbs £412,000 (£391,000).

The directors say the outlook for the coming months is that real growth will continue to be difficult to achieve, but there are no present indications that trading results for the second half will differ very greatly from last year's. Pre-tax profits for all of 1975 reached £1.86m.

The interim dividend is lifted from 1.175p to 1.285p net per 25p share. There are warrants on 200,000 shares (same). Last year's final dividend was 1.5485p.

comment

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Needlers loss at halfway

CHOCOLATE MAKERS and manufacturers of confectionery, Needlers, incurred a loss of £121,900, against a pre-tax profit of £25,710, in the 23 weeks to June 26, 1976, but the directors expect a small profit for the year. For the 23 weeks to January 3, 1976, there was a profit of £148,487.

Turnover for the 23 weeks was £2,571,100 (£2,288,240). After tax of £2,100 (£2,100), the net loss was £121,900 (profit £25,710).

Last March the directors warned that first half results were likely to be poor, but they said they were hopeful of improving the results for the year.

The first half loss was largely due to inability to recover the cost of the 25 per cent VAT increase negotiated last November. And the effects of a poor Easter trade made the situation worse than anticipated, the directors state.

Tonnage despatched in the six months was 16 per cent greater than last year. Where lines have been increased in price, however, tonnage has fallen. No price increases were made during the Government's price check period, and the benefit of this is expected to be seen in a further increase in the second half.

A new soft-centre boiled sweet under the name 'Fruit Sensation' has been introduced. The initial sales level is very promising but little of this was reflected in the first half, which had to stand a good deal of development cost.

The children's range is also selling well, although at a lower profit margin than traditional products. Christmas sales appear to be at a higher level than last year.

comment

Needlers is squeezed between a declining traditional business and the growing markets where it must compete with major companies and accept small margins. The effort to move into the market for pre-packed sweets has meant under-cutting competitors to thin outlets. Meanwhile, the traditional high-quality Easter egg factory sold badly, although other companies enjoyed increased demand. No rising costs have not been covered, resulting in a loss equivalent to the return to the market. The second half could well show a return to profits because of the Christmas trade, but this will not mean that the long-term problems have been solved. The shares moved down from a high of 30p this year well before the loss was announced. Yesterday they were unchanged at 14p to yield 12.1 per cent, if dividends are continued.



Mr. J. A. F. Biny, chairman of Associated Portland Cement Manufacturers, who reports first-half 1976 profits ahead.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total last year
Assoc. Portland Cement	2.50	Oct. 15	2.33	7.6
Five Forge	1.13	Oct. 1	1.07	3.09
Thomas Jordan	0.98	Nov. 12	0.95	9
North Broken Hill	3.51	Oct. 15	3.52	1.17
Photopia Intl.	0.88	Oct. 28	1.18	2.72
W. N. Sharpe	1.29	Oct. 12	0.98	2.58
George Spencer	0.88	Oct. 5	0.86	0.86
Thurgar Bardex	0.2			

Dividends shown pence per share net except where otherwise stated.

Equivalent after allowing for scrip issue. (a) On capital increased by rights and/or acquisition issues. (a) Australian cents.

Midway rise at Queens Moat

After interest up from £197,000 to £217,000, pre-tax profits of Queens Moat Houses rose to £340,000 for the six months to July 7, 1976 compared with £41,000 last time.

The directors expect the second half to achieve a similar performance to last year, when profits were some £31,000.

The Board has decided not to pay a dividend, as before, so as to retain the maximum amount of cash resources while Britain continues to go through one of its worst economic recessions. The final was passed last year for the same reason.

After tax of £31,000 compared with £21,000, first half earnings are shown at 0.16p (0.12p) per 5p share.

comment

After its 70 per cent profits decline since 1972, Queens Moat seems on the road to recovery. However, even the company's forecast for the current half, suggesting a 44 per cent pre-tax increase for the year, would still leave a 42 per cent shortfall against 1974, when the last dividend was paid.

Moreover, recovery back to the 1972 peak of £340,000 pre-tax could be slow. The average hotel room occupancy level is up to 66 per cent, down against 60 per cent this time last year and increased efficiency has improved margins a little, but the booming curvey business of the last three years has steadily down while earnings (before losses) are at 108 per cent.

The directors expect the second half to achieve a similar performance to last year, when profits were some £31,000.

The Associated Portland Cement Manufacturers Limited

The Board of Directors of The Associated Portland Cement Manufacturers Limited announce the following unaudited results for the Group for the six months ended 30 June 1976 with comparative figures for 1975:

	Half year to 30 June 1976	Half year to 30 June 1975	Year to 31 December 1975
Turnover:	£m	£m	£m
Parent Company	98.8	85.4	176.8
Home Subsidiaries	15.3	12.2	26.3
Overseas Subsidiaries	45.7	37.3	83.2
	159.8	134.9	286.1
Trading Profits:			
Parent Company	11.5	10.8	21.1
Home Subsidiaries	0.6	0.6	1.5
Overseas Subsidiaries	4.2	3.2	8.9
	16.3	14.6	31.5
Share of Profits of Associates	9.8	7.2	15.9
Investment Income	1.4	0.7	1.7
	27.5	22.5	49.1
Finance Charges	3.3	3.4	6.6
Profit before Taxation	24.2	19.1	42.5
Taxation	13.5	10.6	22.4
Profit after Taxation	10.7	8.5	20.1
Interest of Minority Shareholders	1.5	1.2	3.5
Share of Profits attributable to the Parent Company	9.2	7.3	16.6
Earnings per £1 Ordinary Stock Unit	11.4p	9.0p	20.5p

In the UK, home deliveries of cement fell by 6.8% to 4,900,000 tonnes and exports by 30.7% to 266,000 tonnes compared with the first half of 1975.

This further decline in home deliveries is a direct consequence of severely reduced activity in the construction industry, which is likely to continue in the second half of the year. Exports have again been adversely affected by the world surplus of cement, although some improvement is expected as a result of contracts which have been and are being negotiated.

The level of UK profitability has been maintained, in spite of decreased sales, by the enforcement of stringent economies. Nevertheless profit margins will again come under pressure in the second half of the year in view of the expected worsening of trading conditions.

Overseas profits represent the major part of the growth in Group earnings during the period. Expressed in sterling, subsidiaries' trading profits have increased by £0.3m and the parent company's share of associates' profits by £1.1m due to the change in currency values since 1 January 1976.

The Group depreciation charge for the six months to June 1976 amounts to £11.9m (6 months to June 1975 £10.0m) and includes £4.1m (six months to June 1975 £2.1m) representing the additional depreciation in respect of the period required to take account of the increase in fixed assets replacement costs from the date of acquisition or the last valuation.

A cost of sales adjustment using the Sandilands Committee principles applied to finished products and work in progress of the Group, excluding Associates, would reduce trading profits by approximately £4.2m.

The charge for taxation for the six months to 30 June 1976 consists of £7.0m Corporation Tax at 52%, £3.0m Overseas Tax and £3.5m Associates Tax.

The Board have declared an interim dividend of 2.59p on the Ordinary Stock of the Company in respect of the year ending 31 December 1976 amounting to £2,087,493 which is an increase of 10.2% on the 1975 interim dividend (2.35p). This dividend will be paid on 15 October 1976 to holders of Ordinary Stock registered at the close of business on 17 September 1976.

H. W. R. Ham, Secretary.

Portland House, Stag Place, London SW1E 5BJ.

26 August 1976

Prop. Security outlook

IN HIS annual statement, the chairman of Property Security Investment Trust, Mr. A. R. Perry, says that the return to the market conditions in 1975-76 rack rents and investment values showed a considerable improvement and the group must now be ready for an upturn in the economy which will create more demand for additional industrial accommodation.

As reported on August 4, gross rental income increased from £2,131,000 to £2,131,000 for the six months to March 31 and net property income was up from £1,760,000 to £2,270,000. The attributable surplus was £238,000 (£244,000) and dividends total £1,653,000 (£1,559,000) net.

Included in the land stock is some 90 acres on the outskirts of Basingstoke. Originally purchased for eventual development, part of the land was subject to a compulsory purchase order; the order was not pursued but its existence prevented either sale or development.

Accordingly, PSIT served a blight notice upon the local authority requiring it to acquire the whole of the site. The authority decided it did not wish to proceed, but the damage had been done and the dispute was referred to the Lands Tribunal, which confirmed the order, requiring the authority to acquire the land at current value for industrial use. The authority has appealed against the decision.

The chairman points out that the greater part of the land has now been re-designated 'industrial' and if the appeal succeeds the group should be able to develop the land as an industrial estate.

It is intended to have a professional valuation of the U.K. assets as at March 31, 1976 for inclusion in the accounts to that date. A decision as to whether the overseas properties will be revalued at that time will be made later. If they are not, the directors will express an opinion of their value.

At 31 July 30, Brown Shipley Holdings held 10.19 per cent, and Harper Investments 19.28 per cent, of the equity. Meeting, Abchurch Rooms, E.C.4, on September 22 at 12.15 p.m.

Chairman's statement Page 13

Bird (Africa) considering distribution

The Board of Bird and Co. (Africa) states that the compensation from the Tanzanian Government so far received is being held on short-term deposits until the time will be made later. It is possible to arrange for some form of interim distribution to stockholders.

It may well be that the simplest and cheapest method of distribution will be to await the final compensation payment. However, it may yet be that legal advisers will recommend a plan whereby earlier distribution of funds can be made on an equitable basis to all stockholders.

NCI has 48% of Beyer

The chairman of Beyer Peacock has written to shareholders urging them not to accept the 25p per share from the Saudi Arabian group National Chemical Industries, NCI, which is offering to acquire the 48 per cent mark following further share purchases in the Stock Market.

The latest letter argues that, if the bid is resisted, Beyer's independence will be maintained; the quotation and marketability of the stock preserved; and the involvement of several leading institutions would remain. Further, shareholders are told that they would be the unique position of having a stake "in the only quoted British engineering group in which a Saudi Arabian company was a substantial minority stockholder."

The chairman also warns that shareholders will only be entitled to keep the latest dividend, to be paid shortly, if they continue to reject the NCI offer.

Jitra ahead at third quarter

Net revenue for the nine months to June 30, 1976 at Jitra Rubber Plantations is running slightly ahead of last year.

BANK OF AMERICA

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, August 25. These exchange rates have been compiled by Bank of America NT & SA's worldwide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency.

Bank of America
Eurodollar Libor as of August 26 at 11:00 a.m.
3 months: 5 1/4% 6 months: 6 1/4%

Country	Currency	Value of U.S. Dollar	Country	Currency	Value of U.S. Dollar	Country	Currency	Value of U.S. Dollar
Algeria	Dinar	133.00	Guatemala	Quetzal	2.70	Paraguay	Guarani (m)	4.7500
Albania	Leke	4.30	Honduras	Lempira	2.30	Puerto Rico	Peso	1.00
Argentina	Peso	16.50	India	Rupiah	1.00	Romania	Leu	1.00
Australia	Dollar	1.49	Indonesia	Rupiah	1.00	Rwanda	Franc	1.00
Austria	Schilling	13.76	Iran	Rial	1.00	S. Africa	Rand	1.00
Bahamas	Dollar	1.00	Israel	Sheqel	3.48	Senegal	CFA Franc	200.00
Bangladesh	Taka	13.25	Italy	Lira	1.00	Sierra Leone	Leone	1.00
Barbados	Dollar	1.00	Jamaica	Jamaica \$	1.00	Singapore	Dollar	1.00
Belgium	Franc	36.36	Kenya	Shilling	1.00	Sri Lanka	Rupiah	1.00
Belize	Dollar	1.00	Korea (S.K.)	Won	1.00	Switzerland	Franc	1.00
Bolivia	Bohlian Peso	28.29	Kuwait	Dinar	1.00	Taiwan	New Taiwan \$	1.00
Brazil	Cruzado	1.00	Laos	Kip (m)	1.00	Thailand	Baht	1.00
Bulgaria	Lev	1.00	Lebanon	Lebanese \$	1.00	Togo	CFA Franc	200.00
Burkina Faso	CFA Franc	200.00	Libya	Dinar	1.00	Turkey	Lira	1.00
Burundi	Franc	1.00	Madagascar	Ariary	1.00	Uganda	Shilling	1.00
Cameroon	CFA Franc	200.00	Malawi	Malawi \$	1.00	U.K.	Pound	1.00
Canada	Dollar	1.00	Mali	Franc	1.00	U.S.	Dollar	1.00
Cape Verde	Dollar	1.00	Mauritania	Ouguiya	1.00	Venezuela	Bolivar	1.00
Ceylon	Dollar	1.00	Mexico	Peso	1.00	Vietnam (N)	Dong (m)	1.00
Chad	CFA Franc	200.00	Morocco	Dirham	1.00	Yugoslavia	Dinar	1.00
China	Yuan	1.00	Netherlands	Guilder	1.00	Zaire	Leone	1.00
Congo	CFA Franc	200.00	Nigeria	Naira	1.00	Zambia	Kwacha	1.00
Cote d'Ivoire	CFA Franc	200.00	Norway	Krone	1.00			
Cuba	Cuban Peso	1.00	Sweden	Krona	1.00			
Cyprus	Pound	1.00	Switzerland	Franc	1.00			
Dominican Rep.	Peso	1.00	Taiwan	New Taiwan \$	1.00			
Dominican Rep.	Peso	1.00	Thailand	Baht	1.00			
Dominican Rep.	Peso	1.00	Togo	CFA Franc	200.00			
Dominican Rep.	Peso	1.00	Turkey	Lira	1.00			
Dominican Rep.	Peso	1.00	Uganda	Shilling	1.00			
Dominican Rep.	Peso	1.00	U.K.	Pound	1.00			
Dominican Rep.	Peso	1.00	U.S.	Dollar	1.00			
Dominican Rep.	Peso	1.00	Venezuela	Bolivar	1.00			
Dominican Rep.	Peso	1.00	Vietnam (N)	Dong (m)	1.00			
Dominican Rep.	Peso	1.00	Yugoslavia	Dinar	1.00			
Dominican Rep.	Peso	1.00	Zaire	Leone	1.00			
Dominican Rep.	Peso	1.00	Zambia	Kwacha	1.00			

n.a. Not available. (m) Multiple exchange rate system, commercial rate used. (a) Approximate rate. (b) U.S. dollars per sterling unit. (c) Argentine peso; effective March 5, 1976. Exchange rate revised weekly, new only U.S. official rate and tourist rate.

For further information please contact your local branch of the Bank of America.

Volvo group sales rise by 16% in first half

JOHN WALKER

STOCKHOLM, August 26. Volvo group sales during the first half of this year rose by 16 per cent to Kr3,380m, compared with the period in 1975, the company announced in the first report for the first six months of this year.

Sales in Sweden were up 10 per cent, compared with the period in 1975 and sales in the rest of the group's products rose 16 per cent, compared with the period in 1975.

On the North American market, Volvo sales were down 10 per cent, compared with the period in 1975, but this was partly compensated for by sales in Sweden and Europe, the report states. It will be an "adjustment

STOCKHOLM, August 26.

downwards" of car production during the first half of this year, the report states.

The order intake for trucks and buses during the first half of this year was above the level attained during the same period last year.

The group's pretax profit amounted during the first half of this year to Kr346m, compared with Kr285m last year. The profit increase during the first half of 1976 reflects a higher operating profit for cars as well as for marine and industrial motors. For trucks and buses, Volvo BM products, high production costs could not be fully compensated for by increased prices. A continued increase in debt has led to higher

MW profits may top DM100m.

GUY HAWTHIN

FIRST six months' figures for the West German manufacturer, indicate it is well on course for topping the DM100m mark.

A shareholder survey to-day shows major gains in turnover, orders and profits.

Turnover to June group total, including that of its subsidiaries, rose 40 per cent, compared with the period of last year—from

FRANKFURT, August 26.

Export demand had shown an extraordinary increase, rising 45.4 per cent, from 48,900 vehicles to 72,500 units. Car production had risen by 38 per cent, to 140,059 units.

In June, Herr Eberhard von Kuenheim predicted that turnover for the parent concern would be more than DM40m, while for the group as a whole they would exceed DM145m. Profits of DM100m, had become a feasible possibility.

New suitor for Copper Range

OUR NEW YORK STAFF

COPPER RANGE, long in the net for a merger partner, announced that it had added to Minerals Company, a unit of the American Oil (Indiana) Co., to those considering acquisition of all or part of its assets.

The troubled specialty copper miner, which has suffered since the last quarter of 1975, has been talking to a number of companies since the announcement last year of a proposed merger with a natural resource company. The Justice Department casually argued that the merger would violate anti-trust

NEW YORK, August 26.

laws by reducing competition in the copper refining business.

Amoco is now only considering the acquisition proposal, but the move would be in keeping with other oil company diversifications, especially into the natural resources area. Atlantic Richfield bought a 27 per cent interest in Anaconda, the nation's third largest copper producer, and is now in the process of making a tender offer for the remaining shares.

Indiana Standard has an avowed interest in diversification and expansion. In the words of the company's chairman, John E. Swearingin, however, the company is only interested in acquiring large companies which could make a significant contri-

CBA plans \$A17.4m. issue

JAMES FORTH

COMMERCIAL Bank of Australia plans a \$A17.4m. cash issue, following a 54 per cent rise in earnings, from \$A11.7m. in 1975 to \$A18.1m. in 1976.

The bank is making an issue of \$A17.4m. in the form of 100,000 shares of \$A1.74 each, to be offered to the public on September 1, 1976.

The bank's earnings rose 54 per cent, from \$A11.7m. in 1975 to \$A18.1m. in 1976. The bank's assets rose 14.5 per cent, from \$A1.45bn. in 1975 to \$A1.65bn. in 1976. The bank's capital rose 47 per cent, from \$A1.45bn. in 1975 to \$A2.12bn. in 1976.

The directors said that the

SYDNEY, August 26.

market closed to-day at a peak for 1976 of \$A3.18 a share.

The bank is confident that the dividend rate will be maintained on capital lifted by the issue. The CBA follows the National Bank and the ANZ in making an issue.

The bank's earnings rose 54 per cent, from \$A11.7m. in 1975 to \$A18.1m. in 1976. The bank's assets rose 14.5 per cent, from \$A1.45bn. in 1975 to \$A1.65bn. in 1976. The bank's capital rose 47 per cent, from \$A1.45bn. in 1975 to \$A2.12bn. in 1976.

The directors said that the

Rembrandt pays higher interim

RICHARD ROLFE

BRANDT Group chairman Anton Rupert said in Stellenbosch today that the current estimate demands continuation of a conservative dividend policy in order to maintain the company's profitability which saw a 10 per cent rise in the year 1975 to 1976.

On this basis, the shares are a prospective 8.2 per cent.

Rupert also said that the company had acquired in the year 1975 a cost of \$35.5m. was

JOHANNESBURG, August 26

financed out of the group's foreign funds.

Rembrandt's interim dividend, he said, would be 20 per cent of South African gold, 50 per cent of its coal, 35 per cent of its uranium and 40 per cent of its platinum, the latter somewhat indirectly via General Mining, Union Corporation and Impala. He told shareholders to view Rembrandt's additional investment in mining in this light, reflecting its desire to diversify out of its predominant stake in drink and tobacco.

Revealing turnover for the first time, Dr. Rupert told the meeting the figure increased for the first time to almost \$400m. He said considerable progress had been made at the new tobacco factory for the South

ELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS			
DATE	BID	OFFER	CONVERTIBLES
5 Sept 1976	102.1	102.1	American Express 4 1/2% '87
10 Sept 1976	102.1	102.1	Bank of America 4 1/2% '87
15 Sept 1976	102.1	102.1	Bank of America 4 1/2% '87
20 Sept 1976	102.1	102.1	Bank of America 4 1/2% '87
25 Sept 1976	102.1	102.1	Bank of America 4 1/2% '87
30 Sept 1976	102.1	102.1	Bank of America 4 1/2% '87
5 Oct 1976	102.1	102.1	Bank of America 4 1/2% '87
10 Oct 1976	102.1	102.1	Bank of America 4 1/2% '87
15 Oct 1976	102.1	102.1	Bank of America 4 1/2% '87
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20 Dec 1976	102.1	102.1	Bank of America 4 1/2% '87
25 Dec 1976	102.1	102.1	Bank of America 4 1/2% '87
30 Dec 1976	102.1	102.1	Bank of America 4 1/2% '87
5 Jan 1977	102.1	102.1	Bank of America 4 1/2% '87
10 Jan 1977	102.1	102.1	Bank of America 4 1/2% '87
15 Jan 1977	102.1	102.1	Bank of America 4 1/2% '87
20 Jan 1977	102.1	102.1	Bank of America 4 1/2% '87
25 Jan 1977	102.1	102.1	Bank of America 4 1/2% '87
30 Jan 1977	102.1	102.1	Bank of America 4 1/2% '87
5 Feb 1977	102.1	102.1	Bank of America 4 1/2% '87
10 Feb 1977	102.1	102.1	Bank of America 4 1/2% '87
15 Feb 1977	102.1	102.1	Bank of America 4 1/2% '87
20 Feb 1977	102.1	102.1	Bank of America 4 1/2% '87
25 Feb 1977	102.1	102.1	Bank of America 4 1/2% '87
30 Feb 1977	102.1	102.1	Bank of America 4 1/2% '87

Sales up at Saint-Gobain

By Rupert Cornwell

PARIS, August 26.

SAINT-GOBAIN-Pont-a-Mousson, the French chemicals, engineering, and construction group, to-day reported a rise of 8.8 per cent, in first half group sales to Frs11.6bn. (€1,320m.) from Frs10.7bn. in the same period of 1975.

Adjusted to take into account the group's disposal of its interests in the Belgian Cie Generale Des Conduites d'Eau, the improvement would have been sharper at 10.9 per cent, and better still at 12.1 per cent, if currency fluctuations are disregarded.

By sectors, the construction and packaging (essentially glass) divisions did best, with increases of almost 22 per cent, and 15 per cent, respectively. The engineering side, however, turned in sales down by 0.6 per cent, while the business enterprises department saw its turnover slump by 5.6 per cent.

FIAT MANAGEMENT RESHUFFLE

Keeping it in the family

BY ANTHONY ROBINSON, ROME, AUGUST 26.

LAST NIGHT'S surprise resignation by Sig. Carlo de Benedetti from the number two position at Fiat has brought to an abrupt halt a meteoric climb to power and has demonstrated once again that when the chips are down Fiat is still ultimately a family firm in which the last word remains with chairman Giovanni Agnelli.

But his resignation, less than six months after joining the Fiat Board and top management at the request of both Giovanni and his younger brother, Umberto Agnelli, is a traumatic event which reveals another aspect of the extraordinarily complex task of running what has become a highly diversified, multi-national company.

In the purely industrial and organisational front, Fiat management has spent the past five years arranging a series of international link-ups, strengthening the financial base and re-organising the company into a holding company structure.

This has resulted in the creation of ten principal holding companies which in turn control 100 plants in Italy and Fiat's ever-expanding foreign manufacturing, sales and licensing activities.

It was to strengthen Fiat at this level that Sig. de Benedetti was called in by the Agnelli brothers who were impressed by his performance as manager of the family-owned Gilardini components group, which supplied Fiat with many of its components. His activities as president of the Turin Industrialists' association, the Unione Industriale, also caught their eye.

Further, Sig. de Benedetti did not come into the proposed marriage without a dowry. As part of the agreement he sold Gilardini to Fiat in return for 5 per cent of the Fiat Ordinary shares (those with voting rights) plus several million non-voting shares.

In this way he acquired the second largest shareholding in Fiat after the controlling 31 per cent, holding of Ordinary shares owned by the Agnelli family.

Under his leadership the voice of private industry became more authoritative, and was listened to much more closely, both by Government and the unions and Communist Party. This is a process likely to be taken

further by his successor, Sig. Guido Carli, former Governor of the Bank of Italy.

But when Sig. Agnelli attempted to intervene directly in Italian politics by fostering the creation of an alliance of lay democratic parties into a sort of third force to galvanise the support of the Christian Democrats and counter the hegemonic ambitions of the Communist Party he failed miserably.

This was partly because he personally refused to stand as a



Umberto Agnelli



Carlo de Benedetti



Giovanni Agnelli

Management

Now Umberto Agnelli, who retained his position as vice-chairman, is expected to return to Fiat and take back many of the functions he had before in the executive and the management committee. But there will clearly be a management gap which remains to be filled.

Meanwhile Fiat shares dropped sharply on the Milan bourse today to close L43 down at L1,650. Confidence has clearly been shaken but Fiat itself, which posted a massive increase in turnover from L1,750bn. to L2,870bn. over the first half of this year, is currently benefiting from strong export demand and the recovery in the Italian economy itself.

Labour relations and productivity have improved and absenteeism is significantly down but a new round of labour negotiations start up this autumn. The Government is promising a new round of tax increases including higher petroleum taxes so keeping Fiat's momentum up is going to demand maximum effort from both management and labour.

Veba profits doubled

GUY HAWTHIN

FRANKFURT, August 26.

VEBA, West Germany's leading energy concern, to-day reported that its profits more than doubled in the first half of 1976.

U.S. insurers reduce underwriting loss

BY OUR NEW YORK STAFF

NEW YORK, August 26.

THE UNITED States property and casualty insurers suffered a substantial underwriting loss of \$1,660m. in the first half of 1976, compared with a loss of \$2,010m. in the first half of 1975. The second quarter loss of \$825m. compared with a first quarter loss of more than \$1.4bn.

When investment income of a little more than \$2.3bn. is taken into account, the industry profitability is estimated at \$825m. in the first half of 1976, compared with a loss of \$2,010m. in the first half of 1975.

The industry attributed the improvement to the fact that rate increases across the country are allowing premiums to narrow the gap with the inflationary price spiral.

Second deficit by Israeli airline

TEL AVIV, August 26.

EL AL, Israel's national airline, lost \$2.2m. in its first financial year, the company announced to-day.

It was the second time in the last 16 years that the airline showed a deficit. Turnover for the year totalled \$200m. During 1974-75, the company showed a loss of \$70,000 on a turnover of \$150m.

CLAM PETROLEUM COMPANY

JOINTLY OWNED BY
NETHERLANDS-CITIES SERVICE, INC.
L.L. & E. (NETHERLANDS), INC.
MARATHON PETROLEUM NETHERLANDS, LTD.

US \$ 40,000,000
Dfls 55,000,000

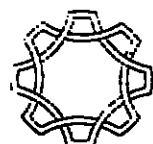
MEDIUM TERM REVOLVING CREDIT FACILITY
CONVERTIBLE TO A
PRODUCTION PAYMENT LOAN
FOR DEVELOPMENT OF
DUTCH NORTH SEA GAS FIELDS

ARRANGED AND PROVIDED BY



THE CHASE MANHATTAN BANK, N.A.

LONDON



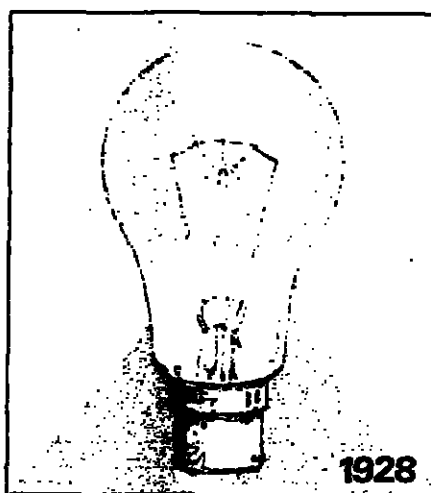
BANK MEES & HOPE NV

ROTTERDAM

In 1928 The Electric Lamp Service Co. Ltd. was just a glimmer of the brilliance to come from **THORN**

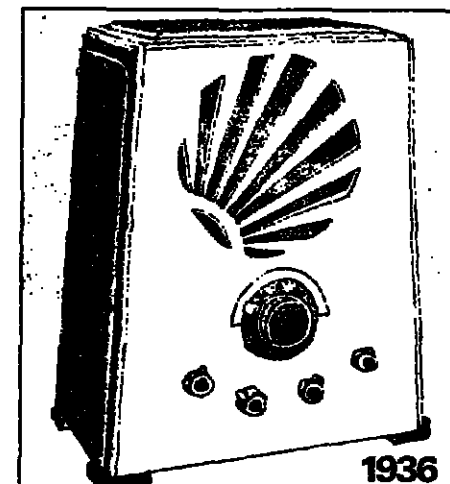
Thorn Electrical Industries has long been one of the giants lighting, TV and audio, domestic appliances and, more recently, engineering. It uses many distinguished trademarks including Atlas, Ferguson, Tricity, Kenwood, Azda, Bendix, HMV, Ultra, Marconiphone, Radio Rentals, Parkinson Cowan, Benham's, Avo, DER, Goodmans, Main, Moffat, Clarkson. It operates 80 major factories and employs nearly 80,000 people around the globe.

Throughout its 48-year history, from its small beginnings, through its growth, development and diversification, the Company has been led by Sir Jules Thorn.



1928

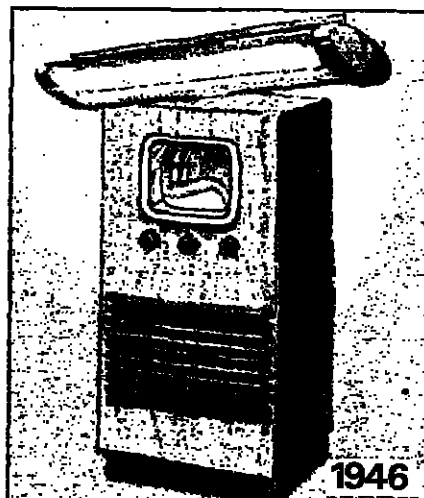
1931 Only three years after forming The Electric Lamp Service Co. Ltd., Jules Thorn opened in Twickenham his first shop for the rental of radios.



1936

1936 Having acquired Ferguson Radio Corporation Ltd., the Company went public under a new name - *Thorn Electrical Industries Limited*. Shares were over-subscribed 36 times!

1946 Thorn entered fluorescent tube manufacture, and produced the first Ferguson television receiver.

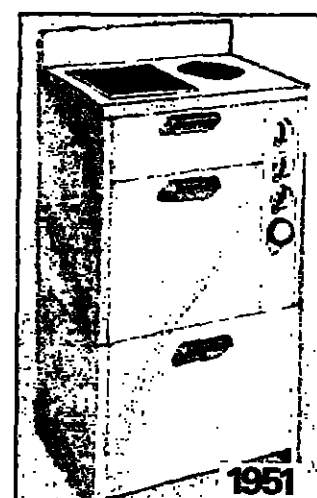


1946

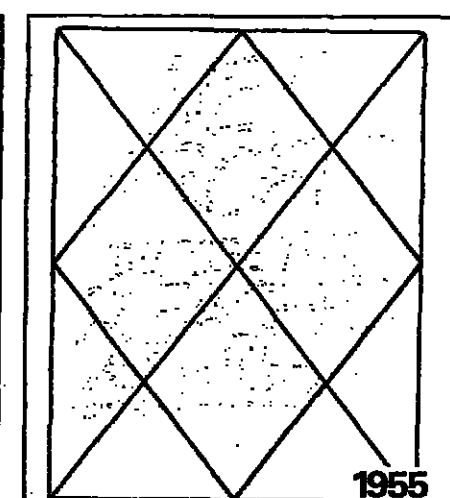
1948 Net profit before tax reached £100,000 for the first time.

1951 First venture into major domestic appliances came with the acquisition of Tricity Cookers.

1955 Net profit before tax reached £1 million - a 10-fold increase in 7 years.



1951

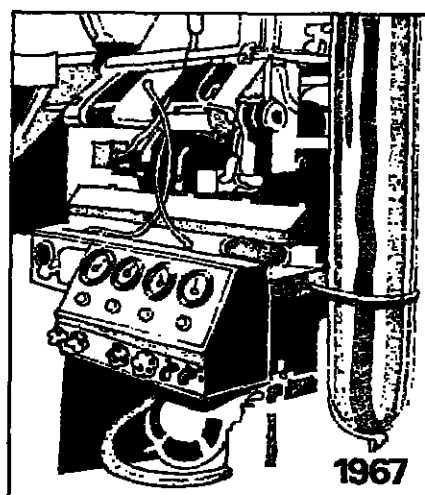


1955

1964 The formation of British Lighting Industries was followed swiftly by entry into gas cookers and fires, gas meters and industrial catering equipment through the acquisition of Glover and Main in 1965.

1965 Net profit before tax passed £10 million.

1967 First major step into engineering was the acquisition of Metal Industries, which included Avo, Towlers and Fawcett.

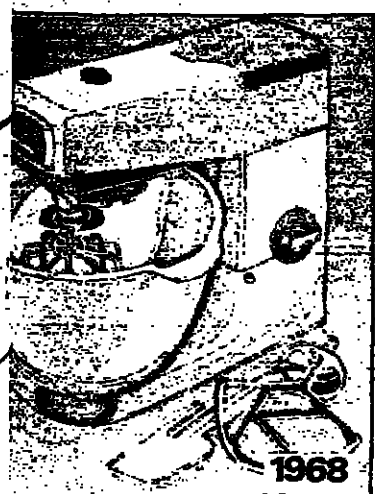


1967

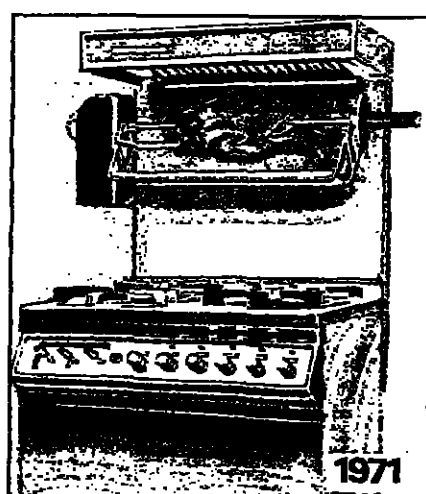


1968

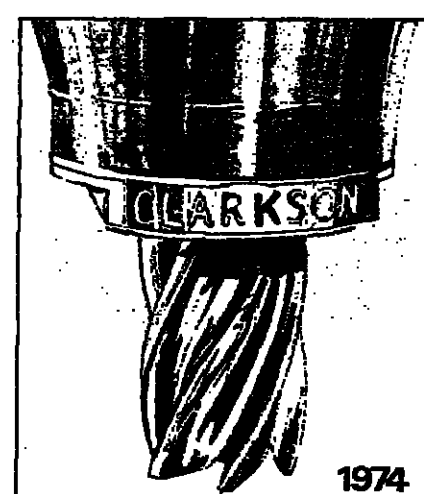
1968 saw the merger with Radio Rentals, the purchase of Kenwood and the acquisition of KMT Holdings. From 1971-74 Thorn purchased Parkinson Cowan, formed Thorn-Ericsson Telecommunications and acquired Clarkson International Tools.



1968



1971



1974

Summary of results for	1975/6	1974/5
Turnover: Home	£667m	£595m
Overseas	£290m	£212m
Trading profit	£156m	£144m
Profit before tax	£74.4m	£65.4m
Ordinary dividends per 25p share	5.987p	5.525p
Earnings per share	28.2p	23.6p

The current picture 1975-76

His colleagues on the Board, on behalf of all employees and shareholders, thank Sir Jules most warmly for his outstanding services and achievements and wish him and Lady Thorn many happy and restful years in well-earned retirement.

On handing over the Chairmanship, Sir Jules is happy to be able to report "that the Company is in a very healthy state and in good heart to tackle the problems of the future. I am satisfied that the existing management under the leadership and guidance of Sir Richard Cave will achieve the ambitions which I have for the well-being and expansion of the Company. As an example, the landmark of an annual £1 billion sales turnover will

almost certainly be achieved this year. "During my period as Chairman spanning almost half a century, I have been proud of the loyalty and support shown to me at all levels and I am convinced that without the strong team spirit which is such a striking feature of life in this Company we could not have reached our present position."

Thorn Electrical Industries Limited, Thorn House, Upper Saint Martin's Lane, London WC2H 9ED



Wool chief visit Japan
SOURNE, August 26.
AUSTRALIAN Wool Cor-
(AWC) has confirmed
Mr. Malcolm Fraser, its
chairman, will visit Japan
for talks with key
wool buyers.
Mr. Fraser is expected to
visit the AWC's role in the
wool market, the operation of
the wool pool, and the
prospects in Japan.
The AWC's position in the
wool market is the subject of
a major review of the
National Security Council
and the President had
decided in favour of holding
enough critical raw materials
to meet needs during a three-year
war.
This reverses the decision by
the Nixon Administration to
lower stockpile objectives to a
one-year emergency level.
Mr. Leslie Bray, director of
the Federal Preparedness
Agency, told a Senate Armed
Services sub-committee that
material-by-material objectives
would be published soon. He
disclosed the stockpile policy
change while testifying in favour
of pending Administration pro-
posals to set strict quantity
limits of silver (\$15m. Troy

U.S. stockpile policy change boosts metals

BY JOHN EDWARDS, COMMODITIES EDITOR

REPORTS THAT THE U.S. Government had changed its strategic stockpile requirements, and the farmer tone in gold and silver, brought a general rise in base metal values on the London Metal Exchange yesterday.

Copper and wirebars rose by \$10.25 to \$85.25 a tonne; steel tin by \$49 to \$49.40; cash lead to \$7.75 to \$7.75; and cash zinc by \$7.25 to \$419.75 a tonne.

It was reported by Reuters overnight from Washington that after a major review of stockpile policy the National Security Council and the President had decided in favour of holding enough critical raw materials to meet needs during a three-year war.

This reverses the decision by the Nixon Administration to lower stockpile objectives to a one-year emergency level.

Mr. Leslie Bray, director of the Federal Preparedness Agency, told a Senate Armed Services sub-committee that material-by-material objectives would be published soon. He disclosed the stockpile policy change while testifying in favour of pending Administration proposals to set strict quantity limits of silver (\$15m. Troy

Fee values up sharply
and Mooney
VALUES fell sharply
wiping out most of
y's rise. The recent
continued in early deal
the London terminal
at a weaker trend was
before the end of
ing session.
opening in New York
further selling in
n the afternoon.
futures also lost an-
vances yesterday, with
silver dropping closing
at \$13.515 a tonne.
ing brought rises of as
\$14.5 a tonne, but
sales and profit-taking
in the morning and
throughout the after-

Lomé pact on sugar attacked

BY TONY COZIER

MR. NORMAN GIRWAR, presi-
dent of the Caribbean
Farmers Association, launched a
bitter attack on the Lomé
Convention and the sugar protocol
of the EEC as the 15th annual
conference of his association met
under way in Barbados.

He said co-operation by the
ACP-African, Caribbean and
Pacific countries with the EEC
over its pricing mechanism, fol-
lowing this year's negotiations,
could destroy the Caribbean
sugar industry.

All the problems encountered
at the price negotiations stem-
med from supplying an area
which was already self-sufficient.
And all the other arguments
adduced against meeting ACP
demands are little better than
window dressing."

Mr. Girwar said the high world
prices of two years ago gained
the Caribbean sugar industry a
certain respect, and the price
fixed in Brussels this year was
one on which the industry could
live a little longer.

But the seeds of the ultimate
destruction of the ACP sugar

India curbs silver exports

NEW DELHI, August 26.
THE INDIAN Government has
banned the export of silver by
private traders with immediate
effect. It was announced yester-
day by the Commerce Minister.
All sales abroad will now be
handled by the State Trading
Corporation.

India lifted curbs on silver
exports in February 1974. In a
move seen as aimed at
reducing the availability of the
metal for the vast smuggling
operation in the country.
Silver export in the following
12 months were worth \$44m.

In the Bombay bullion
market to-day, silver prices
fell sharply amid speculation
that the Government had
decided to impose a total ban
on exports. But values picked
up after the announcement
that exports would continue
through the State Corporation.

Rumours of the Indian Gov-
ernment move helped boost
silver prices in London where
the London Metal Exchange
closed yesterday at 76p
higher at 225 1/2 in an ounce.
Earlier on the London bullion
market each silver had been
fixed at 4.8p higher at 220 1/2
an ounce.

Time-consuming sport for enthusiasts

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE NATIONAL Sheep Dog
Trial, held last week at Chats-
worth Park in Derbyshire made
for the short time I was able
to visit them, a refreshing
change from the miseries of the
drought.

The Trials are pleasant and
entertaining for enthusiasts.
The participants are for the most
part practical farmers or shepherds
but not exclusively so.

Almost anyone who gets the
urge to buy a dog and as long
as he has an acreage on which
to run it and a few sheep to
practise with—he could be in
business. But as land and sheep
are scarce and expensive, the
non-farming competitors are
generally those with some con-
nection with the land.

The most thesaurus, Border
collies almost entirely these days
and with an inbred instinct to
drive sheep are generally
working dogs which have
become the machine to be a little
more than the average in
performance. Their owners are
those who are prepared to
spend the time training them
for the other formal ritual of
a dog trial.

The first thing to remember
is that the winning owner is the
one with absolute control of his
dog. The dog is trained to fetch
the sheep and hold them, pen
them up, and so on. He has
to be able to do all these things
at a moment's notice, and he
must be able to break away
when he is called.

It is often claimed that the
winning dogs are usually farm
dogs of a certain type. This is far
from true. The very qualities

Record China rice crop

By Colin McDougall

CHINA HAS reaped a record
rice crop, estimated at 122m
metric tons, according to the
United Nations Food and
Agriculture Organisation (FAO).
The FAO report, based on
data from the Chinese govern-
ment, says the crop was 12.2
times the 1959 crop, which was
10m metric tons.

The report says the crop was
the result of a combination of
factors, including a record
area of land under rice, a
record yield per hectare, and
a record harvest.

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crop was the result of a com-
bination of factors, including a
record area of land under rice,
a record yield per hectare, and
a record harvest.

Cocoa prices likely to fluctuate

ROME, August 26.
Cocoa prices are likely to
fluctuate sharply in response to
reports of even marginal
changes in the supply situation,
because of the current close
balance between production and
consumption.

The disappointing result of
the main crops in West Africa
means the supply situation in
1976 will again depend on the
development of the tempera-

COMMODITY MARKET REPORTS AND PRICES

E METALS			
First on the London Metal Exchange, the price of base metals in the market was a rise to \$85.25 a tonne, with a rise to \$49.40 a tonne, with a rise to \$7.75 a tonne, with a rise to \$419.75 a tonne.			
High Grade 1st	44.50	44.50	44.50
High Grade 2nd	44.00	44.00	44.00
High Grade 3rd	43.50	43.50	43.50
High Grade 4th	43.00	43.00	43.00
High Grade 5th	42.50	42.50	42.50
High Grade 6th	42.00	42.00	42.00
High Grade 7th	41.50	41.50	41.50
High Grade 8th	41.00	41.00	41.00
High Grade 9th	40.50	40.50	40.50
High Grade 10th	40.00	40.00	40.00

French beet test result

PARIS, August 26.
Results of the fourth French
beet test made by the Sugar
Manufacturers' Association show
an average root weight of 391
grams against 288 on August
16 and 374 at this time last year.

PRICE CHANGES

Metals			
Aluminum	12.50	12.50	12.50
Copper	13.50	13.50	13.50
Gold	14.50	14.50	14.50
Iron	15.50	15.50	15.50
Lead	16.50	16.50	16.50
Nickel	17.50	17.50	17.50
Platinum	18.50	18.50	18.50
Silver	19.50	19.50	19.50
Steel	20.50	20.50	20.50
Tin	21.50	21.50	21.50
Zinc	22.50	22.50	22.50

NOVEMBER ZINC 429.1-434.1

AIR COLLECTION SERVICE FOR PRECIOUS METAL SCRAP			
1st	429.1	429.1	429.1
2nd	430.1	430.1	430.1
3rd	431.1	431.1	431.1
4th	432.1	432.1	432.1
5th	433.1	433.1	433.1
6th	434.1	434.1	434.1

HC METAL CO. LTD. 01-278 6311

PANY NOTICE LEGAL NOTICES

INTERCOM...
NOTICE...
LEGAL NOTICES...

COFFEE

COFFEE			
Arabica	1.50	1.50	1.50
Robusta	1.60	1.60	1.60

INDIAN BAN SPARKS TRADING

NEW YORK, August 26.
SILVER closed higher on speculation
and Commission House buying on reports
of India banking export sales. Copper finished
higher on trade selling. Precious metals
closed on a note of caution. Sugar closed
on continued dry weather. Trade com-
ments.

RUBBER

RUBBER			
Latex	1.20	1.20	1.20
Smoked	1.30	1.30	1.30

WOOL FUTURES

WOOL FUTURES			
Wool	1.40	1.40	1.40
Wool	1.50	1.50	1.50

SOYABEAN MEAL

SOYABEAN MEAL			
Soyabean	1.80	1.80	1.80
Soyabean	1.90	1.90	1.90

JUTE

JUTE			
Jute	1.70	1.70	1.70
Jute	1.80	1.80	1.80

COCOA

COCOA			
Cocoa	1.60	1.60	1.60
Cocoa	1.70	1.70	1.70

FINANCIAL TIMES

FINANCIAL TIMES			
Financial	1.50	1.50	1.50
Financial	1.60	1.60	1.60

GRAINS

GRAINS			
Grains	1.40	1.40	1.40
Grains	1.50	1.50	1.50

REUTERS

REUTERS			
Reuters	1.30	1.30	1.30
Reuters	1.40	1.40	1.40

MEAT/VEGETABLES

MEAT/VEGETABLES			
Meat	1.20	1.20	1.20
Meat	1.30	1.30	1.30

MOODY'S

MOODY'S			
Moody's	1.10	1.10	1.10
Moody's	1.20	1.20	1.20

DROUGHT ?

Specialists in Industrial Cooling
and Water Conservation.

STRUTT (AIR) LTD.

23 Bruton Street
London W1X 0HQ
01-473 0192/6245

STOCK EXCHANGE REPORT

Stock market gains ground on little genuine trade

Index up 3.9 at 356.3—Gold mines index jumps eight points

Account Dealing Dates

Option
First Declared Last Account
Dealing Date
Aug. 9 Aug. 19 Aug. 30 Sep. 1
Aug. 23 Sep. 3 Sep. 14
Sep. 6 Sep. 16 Sep. 27

* New time * dealings may take place
from 9.30 a.m. two business days earlier.

The second, mainly technical, rally of the week succeeded in leaving overall gains in British Funds equities and gold mining shares yesterday. However, there was little genuine demand and trade, as measured by official marketings of 3,854, was also the lightest of the week. The bulk of the day's business was taken up with book-squaring operations ahead of the holiday week-end, but the slightly more relaxed atmosphere encouraged a few speculators into recent rumoured statements tended to get a closer examination than of late.

Glits made their first advance in seven trading days, with gains to 1 and occasionally more in the shorts. The Government Securities index improved 0.05 to 61.52. Gold shares, which have possibly been oversold owing to the recent sharp fall in the price of bullion, showed rises disproportionate to the amount of passing business, but the Gold Mines index rebounded eight points to 86.3; bullion closed below the day's high with a gain of 25 cents at \$184.53 an ounce.

The rise in equities was the first in eight trading days, but as in glits and golds the day's best levels were not always held. The FT 30-share index was at its highest of the week, with a gain of 3.9, and the close of 356.3 represented a net gain of 0.3 on Wednesday's low for the year. The wider improvement was reflected in a gain of 0.9 per cent in the FT-Actuaries' All-

Share index at 146.04, while rises led falls by 9-4 in FT-quoted Industrials compared with a 2-1 majority of falls on Wednesday.

Glits steadier

Suggestions that an immediate rise in Minimum Lending Rate was most unlikely allayed fears of higher domestic interest rates and the market in British Funds steadier accordingly. Sentiment in the shorts was also assisted by the better performance yesterday and, although demand was little more than bargain hunting, several low-coupon issues staged recoveries extending to 1. Other improvements were rarely in excess of 1, this being the general movement among both mediums and longs.

Although there was less business than on Wednesday, the investment currency market was just as volatile and the premium finally settled two points lower on the day at 112 1/2 per cent; bearish afternoon Press comment probably contributed to the later decline. Yesterday's SE conversion factor was 0.6896 (0.6883).

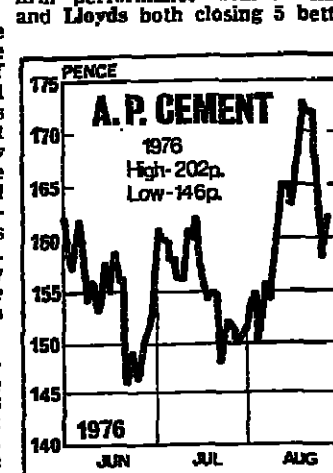
Among Recent Equities Hambro Life Assurance staged a rally on small speculative interest to close 15 better at 195p. Official London dealings commenced yesterday in Deutsche Lander's national 3 1/2 Common Shares, which opened and closed at 227 1/2; the company is currently bidding for the U.K. concern AD International.

Standard Chart dull

Increasing concern about the civil disturbances in South Africa was a call from the Labour party for the Government to withdraw all British banks from that country were major factors in the weakness of Standard Chartered yesterday; the shares fell

13 on the day to a 1976 low of 330p. Commercial Bank of Africa, contracted in Overseas issues, falling 3 to 820p on the results and proposed rights issue. The big four Banks gave a quietly firm performance with Barclays and Lloyds both closing 5 better

A.P. CEMENT



At 245p and 205p respectively. Discounts failed to make up ground and, in some cases, cancelled earlier. Cater Ryder and Scombe Marshall both declined to 10 to the common level of 210p. Allen Harvey and Ross, 330p, however, held steady awaiting to-day's interim results. Mercant Bank had a 5 better at 183p and Hill Samuel Warrants 50 higher at 550p. Wagon Finance, interim figures due to-day, eased a penny to 37p but UWT hardened that much to 17p in mixed Hird Purchases.

Treated rather severely over the past few trading days, Insurance Brokers staged a modest technical rally yesterday as selling dried up. Leslie and Godwin moved 5 to 8p as did Sedgwick Forbes, to 221p.

EMI rally

An attempted recovery movement in Electrical Leases petered out to leave prices closing generally only a shade better on the day but after the recent bout of weakness on adverse comment regarding the company's X-ray scanner purchases. EMI managed to hold a recovery of 4 at 206p. Elsewhere, Decca recorded another 5 after the previous day's fall of 5, held steady at 188p; the preliminary figures are due next Wednesday.

Leading Shares closed

with little alteration following a reasonable trade. The day's closing prices were largely unchanged at 177p, while F. W. Woolworth finished a fraction better at 56p and Marks and Spencer closed a penny firmer at 40p. Secondary issues were idle

where, further consideration of the interim results helped Arthur Bell, at 130p, retrieve the previous day's fall of 2 and Distillers edged forward 2 to 115p.

After having improved to 165p

in front of the interim results, A.P. Cement subsequently eased back to close 4 better on the day at 162p on the statement on profit margins which accompanied the figures. Other Companies went better in sympathy, Rugby Portland and Tunnel "B" both finishing 2 harder at 59p and 166p respectively. Ellis and Everard revived with a rise of 4 to 76p, while David Charles edged up a penny to 49p on contract news, but Vibronplast finished 2 easier at 94p following the chairman's statement.

ICI (interim figures due next Thursday) rallied 3 to 331p. Albright and Wilson edged up 3 to 71p ahead of next Wednesday's interim statement, while Allied Colloids, 120p, and Fisons, 315p, put on 4 and 6 respectively.

Foods were generally better

where changed. Associated Dairies closed 2 up at 185p following Press comment on the preliminary figures, while similar gains were seen in Cavenham, 106p, and J. Lyons, 79p. Rowntree MacKenzie improved 4 to 205p at 410p, while Borden and Wilex, a particularly unsettled market of late, picked up 4 to 66p. Revived speculation of a possible bid from Davy International encouraged support of Heald, 51p, 3 1/2 higher at 45p. Others worthy of note included Lake and Elliot, 54p, and Westland, 51p, both of which were around 3 higher. F. H. Lloyd moved against the trend and fell 3 to 40p, while Fluidrive were lowered 3 to 40p.

Avon Rubber rise

After rallying in the morning, miscellaneous industrial leaders saw little further business and prices eased back in places. Reckitt and Colman held an improvement of 4 at 327p and Rank Organisation a gain of 3 at 144p, although Metal Box, 244p, after 45p, finished 2 better at 40p. Second City were fractionally firmer at 25p, still helped by Press comment.

Overseas Traders tended

to take a moment's turn for the better, with Incheape improving 4 to 307p. Leontis and Crofield, 13 to 425p, Great Northern remained firm, adding a point at 178p. Investment Trusts tended to pick up in places as selling dried up, while continued firmness was seen in Robeco Sub-shares, 5 up at 445p. International Pacific Securities rose 5 to 150p and Tripleview Capital recovered 7 to 74p. Jersey General, however, recovered from yesterday's loss of 6, while Development Securities gained 7 at 405p.

Motors and Distributors closed

with modest gains where changed. Lucas Industries edged up 2 to 184p. Rolls-Royce, 324p, and Armstrong Equipment, 78p, put on 1 1/2 apiece; the latter's price in shipping which closed September 9. Volvo finished 1

and featureless. A. G. Stanley, harder at 24p despite a Press report that the company is to reduce car production. Garages were noteworthy for a fresh reaction of 4 to a 1976 "low" of 99p in Pride and Clarke.

United Newspapers were little

affected by the NCA dispute and eased only 2 to 236p, while other movements in the sector were often marginally higher. Similar small recoveries in Paper, Printers took in Melody Mills, 56p, and McCorquodale, 130p, both up 2, but Bunt Pulp lost that much to 32p. Elsewhere, W. N. Sharpe improved 1 to 35p on the first-half results.

Partial rally in Oils

A certain amount of bear-covering in the absence of any fresh sizeable selling helped Shell to recover to 400p before a close at 4 higher. National balance, 385p, Other Oils also rallied and British Petroleum closed 5 better at 565p, seen in Cavenham, 106p, and J. Lyons, 79p. Rowntree MacKenzie improved 4 to 205p at 410p, while Borden and Wilex, a particularly unsettled market of late, picked up 4 to 66p. Revived speculation of a possible bid from Davy International encouraged support of Heald, 51p, 3 1/2 higher at 45p. Others worthy of note included Lake and Elliot, 54p, and Westland, 51p, both of which were around 3 higher. F. H. Lloyd moved against the trend and fell 3 to 40p, while Fluidrive were lowered 3 to 40p.

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FINANCIAL TIMES STOCK INDICES

	Aug. 26	Aug. 25	Aug. 24	Aug. 23	Aug. 22	Aug. 21
Government Secs.	61.52	61.47	61.56	61.80	62.14	62.16
Fixed Interest	61.52	61.47	61.56	61.80	62.14	62.16
Industrial Ordinary	356.3	355.4	357.0	361.4	370.8	373.3
Gold Mines	86.3	78.8	82.0	80.1	80.1	80.1
Ord. Div. Yield	6.82	6.82	6.81	6.82	6.81	6.81
Sharemarket Total	18.06	18.05	18.05	17.88	17.45	17.54
1% Rate (net) in 100	8.20	8.11	8.50	8.29	8.49	8.54
Dealing turnover £m.	3,854	4,951	6,299	4,009	4,287	4,376
Equity turnover £m.	28.89	36.44	65.06	41.76	39.42	41.76
Equity turnover %	10,802	12,060	9,992	10,573	9,770	11,111
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1976		Stock	Price	Ave	Div	Yld
High	Low					

55	170	Harmony 50c	190	-20	165	0	22
55	38	Loraine P. ...	45	+7	52	05	8
180	710	Post Brand 50c	713	-15	698	13	+

0	310	Grand Selection 50c	320	+10	5075c	15	+
3	385	Selection Trust -	390	+5	13.2	15	60
0	98	Construct 10c	105	+6	030c	3	18.7

9	9	Rhod n Corp 183p.	9	0.56	6.0	95
5	120	Rean Com: K4	140	+10	0.150	4.7
8	140	Tanary: K4 20p.	166	+4	0.100	6.0

9.	Paranga M&Ex Sp	14	—	—	—
430	Peko-Wallsend 30c.	575	-5	Q15c	1.7
140	Poseidon 30c	210	+10	—	—

104	Petalio SMI	125	+2	—	—	—
19	Saint Piran	36rd	-1	125	25	53

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Price at time of suspension

vious year's earnings. 1 Tax free up to \$10 in the U.S. and allows for currency clause. 2 Dividend and yield based on merger terms. 3 Dividend and yield include a 10% discount on dividends payable to stockholders.



Capital spending revival expected in third quarter

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CAPITAL SPENDING by manufacturing industry stopped declining during the second quarter and is now officially expected to start recovering.

However, uncertainty about the overall rate of economic recovery created by recent puzzling official indicators, will tend to be increased by the announcement yesterday of a fall in industry's level of stockholding, including materials and fuels, in the second quarter. Although the figures are subject to significant revision and are small in comparison to total stockholdings, this drop is regarded as surprising following the rise in stocks in the first quarter.

When taken together with the drop in industrial output during June, this confirms the general pause in the recovery earlier in the summer. But, the recent bank lending figures indicate that stockholding may have started since the end of June, pointing to a possibly higher overall rate of growth in the third quarter than the second.

The capital spending figures are less ambiguous and more encouraging, according to the Department of Industry. The pattern of the first two quarters, when total investment by the manufacturing sector was unchanged, indicates the end of the downward trend.

CAPITAL SPENDING AND STOCKS (£m. seasonally adjusted at 1970 prices)					
Fixed Capital Expenditure			Changes in stocks		
	Total	Manufacturing Industry	Total	Manufacturing Industry	Materials & fuel
1974 1st	1,171	510	-41	-21	66
2nd	1,161	502	259	197	61
3rd	1,177	501	372	358	135
4th	1,180	511	366	133	14
1975 1st	1,063	471	-52	18	-129
2nd	1,034	444	-226	-105	-59
3rd	1,002	416	-23	-234	-133
4th	941	406	-25	-70	-58
1976 1st	923	402	66	31	-42
2nd*	911	402	-198	-118	-26
* provisional					

Source: Department of Industry

turing investment could have regained average 1970 levels. The main recovery in overall capital spending so far has come in the distributive and service industries (excluding shipping) where investment rose by nearly 4 per cent. between the first and second quarters, the first appreciable increase since the end of 1973.

In the stocks figures, the main puzzle is a drop of £20m. (at 1970 prices) in manufacturers' holdings of materials and fuel. While this is tiny compared with a total of £3.5bn. in this category at the end of 1975, some restocking was expected, especially after the 5

per cent. rise in the volume of industrial material imports between the first and second quarters.

There is no obvious explanation for this fall in stocks, though some of the imports may have gone first to commodity traders rather than manufacturers. The fall in manufacturers' holdings of finished goods and of wholesalers' and retailers' stocks is being seen in Whitehall as a possible aberration linked to the sharp fall in industrial output in June, caused by a changed holiday pattern and the hot weather.

Editorial comment, Page 12

Strikes halt Leyland output

By Roy Rogers, Labour Correspondent

DISPUTES BROKE out at British Leyland's two main volume car production centres at Longbridge, Birmingham and Cowley, Oxford, yesterday, halting output of Minis, Allegros, Maxis and Princesses.

These fresh setbacks to Leyland's campaign to step up production levels to meet improved demand, came as production at Ford Motor's plants at Halewood Merseyside was being reopened after settlement of two damages strikes which stopped output of more than 3,000 cars worth £5m. retail and made 12,000 men idle.

Standstill

Assembly lines at Leyland's Longbridge works were at a complete standstill last night after nearly 5,000 production workers were laid off following a walk out by 92 rectification men.

Their strike, over pay demands, sparked off a protest march through the factory by about 500 assembly workers who were angry at being made idle. Management has stressed that because of the Government's pay policy they cannot meet their demands, unless they agree to take on additional duties.

At Cowley's North works Princess and Maxi lines were stopped and 500 made idle when a mass meeting decided to support four shop stewards who have had their credentials removed by management for holding an unauthorised mass meeting earlier this month which cost production of 50 cars.

Settlement of a potentially damaging dispute at Triumph, Speke, near Liverpool which had hit TR7 production and begun affecting Dolomite production meant that it was not as bad news for Leyland yesterday.

Resolved

Meanwhile two separate mass meetings at Ford's Halewood plant in Liverpool resolved a supervisors' manning levels dispute and a maintenance men's regrading issue which had prevented car output since Monday.

A strike by 200 Lucas electricians, over sick pay demands, is expected to lead to lay offs at 13 Midlands Lucas plants beginning today although stock should prevent the car industry from being affected in the short term.

A mass meeting of 1,100 Clayton Dewandre workers from three Lincoln factories will today review a strike by eight men which has made them idle since Monday.

THE LEX COLUMN

Overseas strength at AP Cement

The downturn in U.K. demand accelerated for Associated Portland Cement in the first half of 1976 but higher prices have kept profits moving upwards, and with the overseas operations still showing plenty of earnings power the interim figures are well up to expectations at £24.2m. pre-tax, against £19.1m. But APC is becoming increasingly unhappy about its margins in the U.K. and further progress at home looks to hinge substantially on the autumn round of cement price rises. Meanwhile, the overseas side is now dominating the profits picture, edging up its proportion of pre-interest returns by six points to 54 per cent.

South-East Asia apart, APC is moving very comfortably outside the U.K. Australia is recovering, Nigeria remains a growth area and as a result associates' profits are £2.6m. higher at £9.8m. for the six months (though currency gains explain a large part of the upturn). South Africa is still expected to emerge ahead having contributed 15 per cent to trading profits, including the associates, last year.

At home, cement deliveries fell 6.5 per cent. for January to June, against a decline of 51 per cent. by the industry. But there can be few surprises in a slipping market share for the major producer in a recession; a depressed Scottish market is largely to blame with APC's share of total deliveries north of the border topping four-fifths. Home deliveries could fall 7 per cent. overall in 1976 and further plant closures are expected before December.

APC is hopeful for some margin restoration before the year end: certainly the revised price code fits into this picture. And if cement prices have rocketed over the past two years they have not outpaced some other major building materials, notably bricks. Overall the group should achieve profits of at least £48m. pre-tax (against £42.3m. in 1975) for earnings of 21p a share with the tax charge now getting up to 56 per cent. Adding back £8m. of an inflationary depreciation adjustment brings the figure up to 30p. At 162p the shares yield a well covered, prospective 8.1 per cent.

Such reasoning, however, rests on a conservative assumption about the gold price. At present prices about 30 per cent. of South Africa's gold mines will not be able to pay dividends. This will begin to show up in the September declarations but will really come through in December. So far two mines, Venterspost and Marikana, have given the statutory three months' notice of closure and others are laying off labour. Over the next few months the South African Government will have to decide how many mines it will continue to support. If many are allowed to shut down, production will fall and the gold price will rise. This will have a major impact on APC's earnings. If four years' worth of depreciation of £60m. have been £40m. too low, APC estimates that it will cost losses were £50m. pre-tax in 1975-76, a 5 per cent. of turnover. I accept the implications of this, but it is indicating a sharp improvement in the current year.

Index rose 3.9 to 356.3

Gold shares

By charting recent movements in the gold price against the FT Gold mines index it could be argued that after the carnage of the last two months gold shares are now heavily oversold. Certainly there are some attractive yields around. Among the finance houses, which offer a far wider spread of risk than an actual mine, Anglo-American is on a prospective p/e ratio of 3½ and yielding 17½ per cent. to non-premium payers, while among those mines where there is no chance of a dividend cut, yields of close to 20 per cent. are seen: future years. At the year-end half of BA's debt remained in foreign on the market. Since the sheet conversion approval the FT gold mine index has been at \$1.92 to the ounce, a 15 per cent. fall in the gold price. Consequently, any average £200m. of bond investments on the political front could feed through might with some justification to gold share prices. But some are not convinced. In sure is covered in the sense of the books at the day James Capel argues that gold shares should now be valued in terms of four to five years' payment of dividends. This would imply a further fall of some 30 per cent. in the gold mines index and a 27 per cent. fall in mining finance house prices if a five-year timetable was used. If four years' was adopted, the gold mine index would have to fall by 46 per cent. (Capel is assuming a \$100 gold price in 1977 rising by 5 per cent. a year thereafter).

Equity Enterprises Slater Walker, which to have been owed some by Equity Enterprises, sought to get what it called the company's leap residual shell. Under the construction agreement gets £1.1m. in cash, a few claims of doubtful value and the betting companies' net assets last September £1.75m. but pre-interest of only £142,000 in the months to June, 1976. E accounts are heavily up and the Board and Government will have to decide whether the 3p a share offer from two directors allowed to shut down, production will fall and the gold price will rise. This will have a major impact on APC's earnings. If four years' worth of depreciation of £60m. have been £40m. too low, APC estimates that it will cost losses were £50m. pre-tax in 1975-76, a 5 per cent. of turnover. I accept the implications of this, but it is indicating a sharp improvement in the current year.

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Frost will quit Equity Enterprises

By Terry Wilkinson

MR. DAVID FROST, TV personality and deputy chairman of Equity Enterprises, is to resign from the board of the company after a reorganisation of its finances and interests.

The decision was disclosed yesterday on the publication of Equity Enterprises' long awaited report and accounts, which show that in the 21 months since December 31, 1975 the group has lost over £7m., leaving a net deficiency of £1.9m. at September 30, 1975.

Proposals are before shareholders which would correct this deficiency. They involve the disposal of Equity Enterprises' betting interests in the Munden group of companies to Slater Walker Securities, the return for the cancellation of £1.7m. of debt owed to the Slater Walker group. In addition, SWS agreed to procure the consideration of £1.8m. of loan stock.

The connection between Slater Walker and Mr. Frost has been close from the time that he took a 25 per cent. stake in Equity Enterprises in 1972, for £200,000.

Documents accompanying the report and accounts show the trustees of Mr. Frost's family interests sold their holding of 665,245 shares to Slater Walker on May 24 for 3p a share, worth £19,000.

Equity Enterprises, whose main interests encompass film production and distribution and a bookmaking chain, has made a number of costly diversifications since Frost and Slater Walker took over in 1972. The most notable was the purchase of Jacobs Kroll, a private bank, which was put into liquidation last November, resulting in a write-off of £1.9m. in the group's accounts.

Currently a 3p a share bid is being made for the company by two directors, Mr. John Bels and Mr. Roy Dawson, who having acquired Slater Walker's stake on August 6 control 41 per cent. of the equity. Mr. Frost, in a letter to shareholders, says he will accept the offer in respect of his personal holding of 10,000 shares.

Company News, Page 16

Continued from Page 1

Bernhard

Company and the steel giant Hoesung. In a statement read to Parliament by the Prime Minister, the Prime said he accepted that he had not observed the caution required by his vulnerable position, and had not been critical enough of his own judgment.

"I have written letters that I should not have sent. I accept full responsibility for this and thus accept the disapproval expressed by the Commission in its report," he added.

With regard to procurement policies in general, the Government said it had noted with satisfaction that although the examination revealed attempts by certain manufacturers to exert improper influence, these had had no effect.

The report added that whenever Prime Minister had intervened, he always urged what in his opinion were the best decisions. "There is no indication that he ever defended interests in the procurement policy which were not in line with the Netherlands' interests, as he saw them," it added.

British Airways makes £1.5m. in first quarter

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS earned a net profit of £1.5m. in the first quarter of the current financial year, starting last April 1, compared with a net loss of £16.3m. for the whole of 1975-1976.

Revealing this improvement in the airline's financial situation yesterday, Sir Frank McFadzean, who took over as chairman this year, said the airline was confident that this improvement would continue through the current financial year. "There are clear indications that the world airline industry is recovering from the recession which has afflicted it for the past three years," he said.

The first quarter's results are based on an operating surplus of £14.3m., which is reduced to the net profit of £1.5m. after taking account of interest of £4.9m., tax of £5.7m., and losses of £2.2m. in foreign exchange on payment of borrowings.

For the 1975-76 financial year, ended last March 31, the airline earned an operating profit of £10.1m. But interest on capital borrowings, tax, and a special provision of £15.6m. to cover the increased cost of repaying foreign loans taken out to buy foreign aircraft, resulted in the net loss of £16.3m.

The airline's annual report for 1975-76 stresses that reduced growth in the airline industry since 1973 has enabled British Airways to devote greater time and attention to areas of the business which were capable of improvement "and which we consider will enable us to offer considerable benefits in the future."

Turnover for 1975-76 rose by 22 per cent. to £916m. Revenue from airline activities rose from £665m. to £802m., and revenue

from the Overseas Division amounted to £469.5m., with the first division carrying 10 per cent. more passengers and returning an operating surplus before interest and tax of £14m.

Revenue from the European Division totalled over £232m., and the division ended the year with an operating loss of £7.4m. The Regional Division earned nearly £53m. in revenue and cut its operating loss from £4.7m. to £1.7m.

Commenting on Concorde services, which began to Bahrain on January 21, the report says that they have exceeded expectations. Since the end of the year, "the welcome from the U.S. and Australia points to a greater global acceptance in the future." But with only 174 hours of commercial flying by the end of the financial year, the results so far "cannot be regarded as representative of a fully utilised fleet."

£78m. spent For the period January 31 to March 31, Concorde operations returned a loss of £2.3m. after charging a full share of allocated overheads, amortisation of £900,000 based on historic costs, and non-recurring launch costs of £1.2m. By March 31 this year the airline had spent £78.2m. towards the cost of buying five Concorde and associated support facilities, out of the expected total of £155m.

Commenting on fleet purchases for the future, the report says that the number of passengers carried on scheduled services in 1985 will be 25m., compared with the present 14m. per year. "To match this growth and to displace current aircraft types going out of service, British Airways will need as many as 100 new aircraft over the next ten years. At today's prices, this

would represent an investment of £1bn.

Other highlights from the report, and from Sir Frank McFadzean's Press Conference, include:

Shuttle: In its first full year, the London-Glasgow shuttle carried 665,681 passengers. The possibilities of more shuttles between London and Belfast, Paris, Amsterdam and Dublin are being studied.

Travel Division: Responsible for all the airline's UK sales, this division earned £294m. revenue, 22 per cent. more than in 1974-75. Associated Companies' These control the airline group's hotels and investments in other airlines.

Helicopters: Another profitable year, at £900,000 before tax and interest, against £600,000 in the previous year, the turnover up £4.4m. to £8.7m.

Cargo: Sales amounted to £34m., with a further £1m. earned from Customs clearances and handling charges.

More die in Soweto violence

BY GRAHAM HATTON

THE VIOLENCE in Soweto continued today as thousands of migrant hostel dwellers continued to clash with residents.

Police opened fire as people fled before the attacking mobs of hostel dwellers. Schools were evacuated and many people took refuge in police stations.

The outbreak followed last night's meeting at the vast Mamphele Hostel for migrant workers, where some 5,000 Zulus demanded that the police give them the opportunity to teach Soweto residents a lesson.

They made the demand during an address by Col. Visser of the police. He told them police would protect them and their properties against their attackers, but that they should go to work. They could arm themselves for defence.

To-day, police officers said, some fighting had broken out in the Meadowlands, Naledi, Molekane, Tladi and Emdeni districts of Soweto. They said the situation was "not out of hand," but the police were no longer in control.

Plea to police

Dr. Beyers Naude director of the Christian Institute, and as a long-standing critic of apartheid one of those closest to the black community, described the situation in the township as "very, very serious."

Township residents attacked the police when they tried to stop them from retaliating against the hostel dwellers.

Two official Soweto leaders, Mr. Lennox Mison and Mr. Leonard Mosala of the Urban Bantu Council, appealed to the Commissioner of Police, Gen. Gert Prinsloo, to fly to Soweto to see the situation for himself. "We have no confidence in his police officers."

It appeared, said Mr. Mosala, that the police were doing nothing to stop the trouble, "or were not doing what they were supposed to."

Reporters counted 20 bodies in Soweto this morning. But Brig. D. J. Kriel, Deputy Commissioner of Police in charge of riot controls said this morning the official death toll since the present violence started on Monday had reached only 21.

stood at 107. He denied police had taken sides in clashes and said that police had dealt firmly with two rampaging hostel dwellers, shooting and killing two.

But a reporter of the Star newspaper said he overheard a black policeman telling hostel inmates last night they should eat and drink well, so they could "kill on full stomachs."

Other reporters overheard police chastising hostel dwellers for damaging Government property, when they had been told only to "kill the instigators."

Meanwhile further reports have appeared about last night's violence. The big Baragwanath Hospital was said to be full and unable to admit further casualties.

Weather

U.K. TO-DAY
HOT in West and North; cooler in South-East.
London, E. Midlands, Cent. N., Cent. S., England.
Mostly cloudy. Wind N.E. moderate. Very warm. Max. 25C (77F).
S.E. England, E. Anglia.
Cloudy early, sunny periods later. Wind N.E., moderate. Warm. Max. 23C (73F), cooler on coasts.
E. N.E. England.
Mostly cloudy, some coast fog and drizzle. Wind N.E., moderate or fresh. Warm. Max. 23C (73F), cooler on coasts.

BUSINESS CENTRES

City	Y'day	Mid-day	City	Y'day	Mid-day
Amsterdam	18	17	Manila	20	19
Antwerp	18	17	Mexico	18	17
Bombay	24	23	Montreal	22	21
Buenos Aires	24	23	New York	22	21
Cairo	24	23	Oslo	22	21
Cardiff	24	23	Paris	22	21
Cebu	24	23	Perth	22	21
Colon	24	23	Prague	22	21
Copenhagen	24	23	Rangoon	22	21
Dublin	24	23	San Francisco	22	21
Geneva	24	23	Singapore	22	21
Hong Kong	24	23	Stockholm	22	21
London	24	23	Taipei	22	21
Luxembourg	24	23	Tokyo	22	21
Madrid	24	23	Toronto	22	21
			Vancouver	22	21
			Warsaw	22	21
			Zurich	22	21

JOHANNESBURG, August 26.

ties this morning. Eyewitnesses said three people were shot by police and their bodies put into a police van. Two other bodies with bullet wounds were seen lying in a street in Meadowlands.

Meanwhile the stay-at-home campaign, launched on Monday and which reduced Johannesburg shops and businesses to skeleton staffs, is over.

The Soweto Students Representative Council last night thanked the people "for responding to the call issued to them to stay at home and mourn the deaths, arrests and detentions of our fellow blacks."

Kaunda call for armed struggle, Page 6
Labour call to banks, Page 7

W. Midlands, Channel Is., S.W. England, Wales, N. Ireland. Sunny after early fog. Wind N.E., light. Hot. Max. 27C (81F).
N.W. England, Lake District, N. Wales, S.W. Scotland, Glasgow, Cent. Highlands. Dry and sunny. Wind N.E., light. Hot. Max. 29C (84F).
Argyll, N.W. Scotland. Dry and sunny, early coast fog. Wind variable, light. Very warm. Max. 21C (70F).
Orkney, Shetland. Dry, sunny intervals, early coast fog. Wind N.W., light. Warm. Max. 16C (61F).
Rest of Scotland. Dry, sunny intervals, early coast fog. Wind variable, light. Very warm. Max. 21C (70F).
Outlook: Little change. **Lighting-up:** London 20.28, Manchester 20.42, Glasgow 20.55, Belfast 20.59.

HOLIDAY RESORTS

City	Y'day	Mid-day	City	Y'day	Mid-day
Alicante	24	23	Granada	24	23
Almeria	24	23	Las Palmas	24	23
Batumi	24	23	Los Angeles	24	23
Bordeaux	24	23	Madrid	24	23
Buenos Aires	24	23	Malaga	24	23
Cairo	24	23	Nice	24	23
Cebu	24	23	Palma de Maior	24	23
Copenhagen	24	23	Paris	24	23
Dublin	24	23	Rome	24	23
Geneva	24	23	Saint Petersburg	24	23
Hong Kong	24	23	Shanghai	24	23
London	24	23	Singapore	24	23
Luxembourg	24	23	Taipei	24	23
Madrid	24	23	Tokyo	24	23
			Toronto	24	23
			Vancouver	24	23
			Warsaw	24	23
			Zurich	24	23

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- Michael Brett takes a close look at the small print of Sir James Goldsmith's latest deals.
- William Phillips analyses deferred tax accounting and shows why it should cause concern to everyone interested in company finances.
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